

**Accountability practices in Islamic charities in Scotland**  
**A critical and postmodern perspective**

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## Abstract

Some researchers in the field of accounting have studied the interrelationship between religious values and accounting. Little, however, has been conducted on the values of religions that might inspire change and development of accounting in minority contexts. The overall image that emerges from the literature is that its primary focus is on religious organisations rather than the religious values themselves. In Islamic accounting, attention has been paid to the role of accounting and its functions but not on how accounting can be changed by these values. Further, most of the literature focuses on how the Islamic business environment is influenced by Western accounting practices/standards.

This thesis investigates the role of Islamic values in shaping accountability practices in the Islamic charitable sector in Scotland. Also, how the adoption of these values could help in advancing accountability practices by empowering the disadvantaged and marginalised stakeholder groups by giving them a voice in the accountability process and the power to demand accountability.

As postmodern research challenges the form and the content of dominant models of knowledge, the study adopts a theological position (Islam) that has a dimension that is interested in a project of emancipation. Some forms of accounting and accountability are inconsistent with this theological position while some are. This study adopts an Islamic theoretical position that appreciates the universality of Islamic principles, as well as the particularity of these principles in practice. This theoretical position is based on the dynamic nature of *shariah* as a problem-solving methodology and guiding force rather than fixed (objective) rules and standards.

The study has some implications for the accountability practices of Islamic charities in Scotland. The adoption of new accountability mechanisms would facilitate the participation of the public. For religion to aid the oppressed and marginalised in their struggles for a better life, these people should be consulted and engaged in the accountability process. There is still a need for improvement in terms of the form and content of Islamic charities' reporting and disclosure practices.

## **Dedication**

I dedicate my work to my family and my friends who supported me during my research.

## **Acknowledgments**

There are a number of people whom I am greatly thankful and without them, this thesis might not have been written.

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## **Declaration statement**

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## **List of abbreviations**

AAOIFI; Accounting and Auditing Organization for Islamic Financial Institutions

CT; Critical Theory

IAS; International Accounting Standard

IC; Islamic Charity

IER; Independent Examiners' Reports

NGO; Non-Governmental Organisation

OSCR; Office of the Scottish Charity Regulator

PM; Postmodernism

Ros; Religious Organisations

SORP; Statement of Recommended Practice

SSB; Shariah Supervisory Board

TAR; Trustees Annual Report

## Arabic glossary

Awqaf; Charitable endowments  
Du'a; Prayer  
Fatwas; Religious opinions  
Figh; Islamic jurisprudence  
Gharar; Risk, uncertainty, or hazard  
Haj; A pilgrimage to Makkah  
Haram; Forbidden  
Hisba; encourage good and discourage evil  
Ijtihad; Mental faculty/ Independent reasoning  
Umma; Islamic community  
Khailafah; Trusteeship  
Maslaha; Public interest  
Mathab; Religious school  
Muhtasib; The person who conducts hisba  
Qiays; Analogy  
Qard Hassan; Benevolent Loan  
Qurbani; The animal sacrifice Muslims make during Eid-al-Adha  
Riba; Usury/Interest  
Sadaqa; Voluntary charity  
Shariah; Islamic law  
Shura; Mutual consultation  
Sunnah; The practices, customs and traditions of the Prophet Muhammad  
Takaful; Cooperative insurance  
Taklif; Accountability  
Tawheed; Unity of God  
Ulama; Scholars  
Wodu; Ablution

## **Chapter 1: Introduction**

### **1.1 Introduction**

In this chapter, the background of the study, its objectives, and importance, together with the research methodology and methods are outlined. The next three sections introduce briefly the research motivation, the research problem that the study tries to investigate and the importance of the study. The aims and objectives of the study are to understand accountability practices in Islamic charities in Scotland, whether they incorporate Islamic values and compliance with *Shariah*, and if so how. The later sections of this chapter justify the research methodology and methods adopted in this study.

### **1.2 The motivation of the study**

Islamic charities' practices of accountability, especially in Scotland, have attracted little attention in research; for example, there was no Islamic charity listed in Crawford et al.'s (2009) study of Scottish charities, while the recent study by Yasmin et al. (2013) focused only on faith-based charities in England. Some studies focused on accountability practices in particular religious community groups, but not Muslim communities (e.g. Jacobs and Walker 2004). Other studies focusing on accountability practices in the UK also seem to have neglected the practices of Islamic charities in Scotland (e.g. Connolly and Dhanani, 2009; Jetty and Beattie, 2009). The researcher sees this as under-representation of Islamic charities in Scotland in the research concerning accountability, which has motivated the researcher to shed some light on these neglected practices in accountability research. Furthermore, the researcher is interested in how Islamic charities in Scotland perceive themselves accountable to the minority Muslim community in Scotland.

In addition, recent studies on accountability in the Islamic charitable sector that have shown a lack of accountability in these organisations are further evidence of the increased interest in the issue of accountability in the Islamic charitable sector in general (e.g. Osman 2010; Afifuddin and Siti-Nabiha 2010; Hidayatul et al. 2011)

### **1.3 Background to research problem**

The role of accounting in society has been mainly understood to involve providing information to investors, management and wider groups of stakeholders, with a focus on the financial reporting of the business. Conventional accounting is generally seen as a product of capitalism, which is motivated by rationality and self-interest (Afifuddin and Siti-Nabiha, 2010). Recently, however, there has been a significant move towards social and environmental accounting research (Gray et al., 1996; Gallhofer and Haslam, 2004; Kamla et al., 2006). The political and social contexts in the accounting field are no longer ignored, as the economic and technical contexts are no longer privileged (Laughlin, 1988; Stewart, 1992). The relation between accounting and society goes beyond the role of accounting in society to the cultural elements that affect accounting (Gallhofer et al., 2000). Some academics now see accounting as part of society (Lehman, 2004; Askary, 2006). However, some researchers in the field of accounting have taken the cultural elements of accounting further.

Some researchers have studied the role of accounting in religious organisations (ROs), the interrelationship between religious values and accounting, and accountability practices (Boyce, 1984; Laughlin 1988; Laughlin, 1990; Gambling and Abdel Karim, 1991; Abdul-Rahman and Goddard, 1998; Baydoun and Willett, 2000; Parker, 2001; Gallhofer & Haslam, 2004; Kamla, et al., 2006; McKernan and Kosmala, 2007; Kamla, 2009 and Gallhofer & Haslam, 2010, 2011).

Changes to conventional accounting in various areas have been advocated by some academics to include aspects such as social and environmental accounting, critical accounting and feminist issues as well as the spiritual dimension. In terms of spirituality, there are interactive relationships between accounting and spirituality, as some belief systems challenge and can even transform modern accounting (Gallhofer and Haslam, 1997). On the one hand, accounting practices can sustain “spiritual alienation”, as Shapiro (2009) argues, suggesting that:

“Contemporary accounting practices are problematic because they help sustain and reproduce spiritual alienation. For example, the statement of financial position (balance sheet) asserts that investors and creditors provide the entity’s resources (i.e.,  $\text{Assets} = \text{Liabilities} + \text{Equities}$ ). This emphasis on capital providers does not acknowledge the reality that most resources are inherited from nature, from past generations, from current employees, and from other people in the community.” (Shapiro, 2009, p 950)

Religion can be a source of social emancipation, as Gallhofer and Haslam (2004, p. 383) illustrate, citing the possibility “to point to the social emancipatory dimensions of theology and religious movements. Theology and religion can, for instance, aid the oppressed in their struggles for a better life”. This emancipation could be achieved through engaging religious values with business. In addition, Kamla (2009) argues for the possibility of borrowing from the spiritual in a way that can be reflected in accounting in favour of the marginalised. Lehman (2004, p. 6) problematised modern accounting because “with its reliance on positivist methodology, [it] tends to subsume accountability within the definition of decision-usefulness, thus abrogating its moral obligations by deferring to an outside mechanism (the market)”. However, accountability, although it is used by corporations to claim legitimacy (Abdul-Rahman, 1998), also has its potential in developing accounting (Gray et al., 1996). In this respect, Kamla (2007) called for extending the notion of accountability to go beyond financial accountability and to account to the wider stakeholder groups. Moreover, in the non-profit sector Najam (1996, p. 348) points out that NGOs<sup>1</sup> “are responsible to their stated mission, to their staff, to their supporters/members, to their coalition partners, to their larger constituency, and finally to the NGO community at large”. This indicates the trend toward going beyond financial accountability by taking into consideration the cultural and religious elements, reporting and communicating non-financial information, and being accountable to broader stakeholder groups.

By engaging religious values and accounting in order to reproduce and communicate accounting information, business practices could be re-shaped. According to Epstein (2002, p. 94), “the introduction of religiously based concepts of ethical action provides alternative paradigms for evaluating the meaning and methods of business behaviour”. New accounting that could be introduced by engaging these religious values, for instance, would re-steer accounting to go beyond materialism (Gallhofer and Haslam, 2004). One particular issue is that communicating these values appropriately needs new accountability mechanisms, forms and reporting practices, as proposed by Shapiro (2009), who outlined an alternative form of reporting statements which could be adopted, including for example: Vision and Belief Statements; an Expanded list of resources; an Expanded list of obligations; a Narrative of actions taken to improve human development and Audience. In terms of Islamic values and principles, Kamla et

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<sup>1</sup> Non- Governmental Organisations

al. (2006) articulate the general relevance of these Islamic principles for accounting space, and suggest that more research needs to be done in this area:

“There are clear principles to work out in terms of implications for accounting and governance following Ijtihad and we would hope that our contribution here encourages further substantive work within Islam. This is of clear relevance to Muslims. Further, we have sought to argue that the Islamic principles have a very general relevance in respect of concerns to govern our environment with its accounting implications. Reflection on these principles problematizes Western ways, enhances and refines existing counter hegemonic positions and suggests new ways forward.”  
(Kamla et al., 2006, p.260)

Few research studies, however, have been conducted on the accountability practices in an Islamic context (Karim, 1990; Abdul-Rahman, 1998; Lewis, 2001; Murtuza, 2002; Lewis, 2005, 2006; Kamla, 2007; Iqbal and Lewis, 2009; Abbasi et al., 2010; Bhatti and Bhatti, 2010; Belal et al., 2014). Moreover, most of these were exploratory studies, except a few which have involved critical research (Kamla et al., 2006; Kamla, 2007, 2009). In addition, there have been several studies based on empirical work (Maali, et al. 2006; Ihsan and Adnan, 2009; Afifuddin and Siti-Nabiha, 2010; Osman, 2010). It is important to note that no study, to the researcher’s knowledge, has been conducted on accountability in Islamic charities in Scotland.

#### **1.4 The problem**

Although modern accounting is a component in society, it focuses on efficiency and effectiveness and pays little attention to other social concepts (Lehman, 2004). Such modern trends of accountability fall short in empowering communities and come at the expense of the social relations that produce trust within a community (Lehman, 2004). NGOs play a similar role in society, which is about empowering and strengthening disadvantaged and marginalised communities (Kilby, 2006). In an Islamic society, accounting has to be in line with *Shariah* (Islamic law) (Murtuza, 2002; Iqbal and Lewis, 2009), which controls all aspects of the Islamic community (*Umma*), “and accountability is ultimately to Allah, as all deeds will be accounted” (Iqbal & Lewis, 2009). Accounting and accountability in Islam, should combine certain Islamic concepts, including *Tawheed* (unity of God), *Khailafa* (trusteeship), *Hisba* (encourage



good and discourage evil) and *Shura* (mutual consultation) (Abdul-Rahman, 1998; Lewis, 2001; Kamla et al., 2006). Accountability, from an Islamic perspective, is to God and to the community at large, for all activities including business activities (Lewis, 2001; Murtuza, 2002; Iqbal and Lewis, 2009; Osman, 2010). There is, however, no explanation in Islamic accounting literature on how the organisations or individuals can be accountable to God, in which formats or when.

In contrast with this Islamic perspective, according to Kluvers and Tippet (2011, p. 520), “the focus of the “new” accountability is managerial, with a strong emphasis on compliance, particularly in-house compliance, rather than informing the broader community”. Furthermore, relying on positivist accounting could limit accountability to an individualising form of accountability, which is centred on the self (Reports, 1991, Bracci & Llewellyn, 2012). In the case of the NGO sector, Ebrahim (2003a) argues that the use of conventional accountability, which is based on the principal-agent model, means that powerful stakeholder groups use reporting to reinforce the role of the NGO as an agent of these stakeholder groups, such as funders or regulatory authorities. In many cases this serves the interest of the elite rather than the broader community. Some researchers e.g. (O'Dwyer 2006; Ebrahim 2003a) suggest several accountability mechanisms such as reporting and disclosure, performance assessment and evaluation, participation, and social audit for not-for-profit sector. Afifuddin and Siti-Nabiha (2010) studied the accounting and accountability practices in some Islamic organisations and found that, in general, the performance of these organisations does not comply with Shariah requirements and they suggest the adoption of Islamic values.

From the perspective that religion, in this case, Islam, can inspire accounting and accountability to be a tool for empowerment and emancipation in the community which can promote justice, equality and fairness (Gallhofer and Haslam, 2004; Lehman, 2004; Kamla, 2009; Molisa, 2011), this study tries to explore and understand the accountability practices in some Islamic charities in Scotland, and the extent to which Islamic values inform these practices. The implications of incorporating these Islamic concepts can help Islamic charities to perform in compliance with *Shariah*, in terms of the processes, relationships, forms and discourse of accountability, thus empowering the lost voices of stakeholder groups and empowering them to demand accountability and engage in the accountability process. Accountability practices could borrow some mechanisms from Islamic principles and traditions such as *Shura* and *Hisba*, as using

these principles would construct equality in decision making, shared concerns and responsibility in the wider community in different life aspects, and enable and empower different stakeholder groups to practise accountability through participation. As Ebrahim (2003, p. 818) explains, “participation involves consultation with community leaders and members.” Furthermore, management would no longer be able to legitimate accountability practices that do not comply with Shariah (Iqbal and Lewis, 2009), and the disadvantaged would be able to challenge the power relations at all levels in the organisational context. The adoption of these concepts would also emphasise the identity of these charities within their communities, which would help in avoiding spiritual alienation.

### **1.5 The importance of the study**

To the knowledge of the researcher, this study is the first study that focuses on accountability in Islamic charities in Scotland, in terms of both theoretical and empirical dimensions. The study represents an attempt to investigate, understand and potentially promote change in the accountability practices in Islamic charities in Scotland. The study also examines the role of Islamic values in influencing accountability practices in the Islamic charitable sector in Scotland. Furthermore, it examines how the adoption of these values could help in advancing accountability practices by empowering the disadvantaged and marginalised stakeholder groups by giving them a voice in the accountability process and the power to demand accountability. The study contributes to the literature regarding Islamic accounting and accountability, particularly in the Islamic charitable sector in the Scottish context, by identifying various religious and cultural factors influencing and influenced by these practices. The study will also explore and analyse the organisational context in which these practices were developed. Moreover, the study will contribute to the accounting field, particularly the Islamic accounting field. The study will also contribute to the issue of accountability practised within minority community in the Scottish context.

### **1.6 Research aims and objectives**

The study aims to go beyond exploring the status quo in Islamic charities to promoting change and betterment of these practices by incorporating Islamic values such as *Tawheed* (unity of God), *Hisba* (encourage good and discourage evil), *Shura* (mutual

consultation) and *Khailafa* (Trusteeship), as mentioned above. The study attempts to answer the following research questions:

**Q1. What should accountability of Islamic charities look like in terms of Islamic values?**

**Q2. How can this be operationalised in Scotland?**

**Q3. What are the accountability practices of Islamic charities in Scotland?**

The study intends to explore, at the first stage, the current practices of accountability (*Taklif*) in Islamic Charities (ICs) from a critical and postmodern perspective, as explained above. At the second stage, the study intends to analyse and understand how these accountability practices were constructed and also the socio-political context of the production and consumption of its outcomes (e.g., reports). Moreover, the study intends to analyse the impact and consequences of these practices for different stakeholder groups of the Islamic charity. The study also investigates the interactive relationship between religion and accounting and also to contribute to the development of postmodern accounting research. The study also examines the discourse of Islamic charities' (ICs), and to what extent this discourse complies with Shariah requirements, and if it is used to legitimate the current practices and construct the existing accountability relationships to favour one or more stakeholder group(s) over others.

### **1.7 Research Methodology**

The foundation for choosing the methodology for a study starts from the ontological and epistemological assumptions the researcher adopts. These assumptions locate the research in a specific philosophical direction through which to look at the phenomenon. The ontological and epistemological assumptions of the researcher and the nature of the research topic itself place this study in the radical humanist paradigm of Burrell and Morgan (1979), according to the political-social nature involved in the accounting phenomena under investigation, the spiritual element affecting the research problem as well as the subjective trend.

Clegg, et al., (1996) illustrate two general theoretical frameworks that take different standpoints, thus looking at the scientific phenomenon in a different way:

“Theoretical approaches developed under the auspices of the power, knowledge and justice frameworks tend to favour a focus on local/micro organisational process and practice; while the rational, integrationist and

market narratives take a more global/macro conception of the ‘reality of organisation’ as their starting point.” (Clegg, et al., 1996, p. 47)

There are a number of theories which can be employed to investigate particular phenomena, each with different ontological and epistemological standpoints. In terms of accountability, agency theory is used to analyse the principal-agent relationship as both parties try to maximise wealth (Ihsan and Adnan, 2009). It is believed here that the organisation does not have duties to be accountable to other parties beyond the owner/s (shareholders) (Unerman and O'Dwyer, 2006). This theoretical position has been criticised as not being appropriate for the charitable sector, as the donors and management are not interested in maximising their financial returns (Hyndman and McDonnel, 2009). Moreover, using conventional accountability, which is based on the principal-agent model, powerful stakeholder groups use reporting to reinforce the role of the NGO as an agent of these stakeholder groups, such as funders or regulatory authorities, which in many cases serves the elite interest rather than the broader community (Ebrahim, 2003). Another theoretical claim goes beyond the basic principal-agent relationship to include other stakeholder groups, but only those with power and legitimacy and which can influence organisation and its achievements (Unerman and O'Dwyer, 2006). Within this theoretical position, wider stakeholder groups (whether they are directly or indirectly affected by the organisation's activities) cannot demand accountability, and the organisation does not have the responsibility of accountability to these groups. As discussed above, accountability is concerned with empowering stakeholders by informing them, in order to promote equality and justice for a better society. Since the accountability process is involved in the socio-political context and related practices are produced and reproduced within this context, that means the ‘reality’ here is a product of individuals, and it is not external to humans, therefore, the knowledge is a subjective type, with spiritual dimensions (Burrell & Morgan, 1979).

As Sinclair (1995, p. 233) points out: “accountability is not independent of the person occupying a position of responsibility, nor of the context.” Thus a theory is needed in order to explore and understand the interaction and interplay between an accounting phenomenon and the socio-economic context it operates in. This study adopts a theoretical framework that has a dimension that is interested in a project of emancipation. Some forms of accountability seem inconsistent with this, as mentioned

above, while others are consistent with it, or have the potential to be so (e.g., Kamla et al., 2006).

Modernism, in the critical approach, privileges emancipation through reason, while marginalising other notions such as traditional values, which leads to new set of conflicts between the traditional and modern (Clegg et al., 1996). This seems to conflict with Islamic theology and philosophy, which “introduces the notion of sacred accountability in the spiritual context” (Nahar & Yaacob, 2011, p 91) and which has to be in line with the *Shariah*, as in Islam, observing accountability is “an act of worship” (the rejection of a sacred-secular divide) (Nahar & Yaacob, 2011, p 92). Moreover, as Islamic charities (ICs) have religious objectives to achieve, decisions based on reported information go beyond economic issues to other, wider, dimensions, such as the social and the spiritual. In addition, accountability is seen as “a social acknowledgement and insistence that one’s action make a difference to both self and others” (Roberts, 1991, p 365). Modernism also focuses on the centre and ignores the margins (Kilduff and Mehra, 1997). Moreover, modernity tends to rely on codes, standards and procedures and excludes the ethical, while dominant codes and standardised procedures exclude the response of one self to the other, and as a result, the touch with the ethical and moral is lost (Kosmala and McKernan, 2011).

The critique of postmodernism to the notions of universal scientific knowledge and totalising meta-narratives differentiates it from the early critical theories (Seidman & Wagner, 1992). Unlike other critical theorists, “postmodernists reconsider the relationship between scientific knowledge, power, and society, as well as the relation between science, critique, and narrative” (Seidman and Wagner, 1992, p. 2). Postmodernism favours the particular over the universal and multi-realities over generality. As Seidman and Wagner (1992) explain:

"Postmodernists tend to favour forms of social inquiry which incorporate an explicitly practical and moral intent, that are contextual and restricted in their focus (local stories are preferred over general ones), and that are narratively structured rather than articulating a general theory)." (Seidman and Wagner, 1992, p.7)

In terms of accountability, Nahar and Yaacob (2011, p. 102) argue that “applying corporate (for-profit) financial reporting framework to charity entities is inappropriate and does not reflect the reality of *awqaf* [charitable] transactions.” According to

Baydoun & Willett (1995, p. 12) this gives less attention to the local needs and reflects, instead, political and economic interests. Postmodernist research also challenges the form and the content of dominant models of knowledge, and is concerned with giving voice to those not represented in the dominant discourse (Kilduff & Mehra, 1997). As postmodernists emphasise the ‘otherness’ and the particular, they adopt two main concepts; difference and decentring (Seidman & Wagner, 1992). In terms of reporting, postmodern thought implies that “care of the self is interrelated with care of the other. Care of the other will often involve ways of opening up the subject, and through the subject, opening up the organisation to the other” (Kosmala & McKernan, 2011, p68). As pointed out above, according to Kosmala and McKernan (2011) dominant codes and standardised procedures exclude the response of one self to the other, and as a result, the link with the ethical and moral is lost. Abdul-Rahman (1998) believes that Islamic accountability should be based on values rather than standards and responsibilities more than rules. Murtza (2002) articulated the idea of universal accounting standards, advocating that Muslim countries should have their own accounting and reporting practices that are in line with Islamic law and its religious beliefs and practices.

Based on the above discussion, a postmodernist approach and its main concepts will be employed in order to understand the otherness and self-determination of Islamic accountability practices in Islamic charities in the Scottish context. From the previous studies reviewed in the sections above, and based on the research questions and methodological assumptions, the study adopts a theological position (Islam) that has a dimension that is interested in a project of emancipation (critical and postmodern perspective). It is important to notice that the study does not claim to be able to provide a definitive answer for the research questions, as that would contradict the adopted theoretical position.

### **1.8 Research methods**

According to Chua (1986), philosophical assumptions influence the choice of research methods. Accounting is seen as a language that provides users with meanings of the financial or economic transactions, in general (Roberts and Scapens, 1985; Messner, 2009). In this respect, the study will investigate if this promotes a linguistic alienation in this type of religious organisation by ignoring the spiritual/religious dimension of accountability and marginalising the traditions and values (e.g. mechanisms of accountability) of the society. Another issue relates to the idea of considering

accounting as a language used by an organisation (management) to communicate its activities, as there are different groups of stakeholders with different demands and interests which require the organisation to speak in different languages at the same time (Messner, 2009). Using this language and producing meanings in the forms of categories, tables, etc. may legitimate a particular stakeholder group(s) or the organisation (management) (Broadbent, et al., 1996). One can also question the format of this language (quantitative or qualitative reporting) of accountability, in which the needs of individuals /different stakeholder groups can meet (Cordery & Baskerville, 2005).

In order to gain an in-depth understanding of the research problem, the researcher intended to choose three qualitative research methods to employ in the study, namely, context analysis, content analysis and semi-structured interviews. The researcher intended to conduct about 20 semi-structured interviews with different stakeholder groups, including trustees, treasurers, imams and volunteers. In terms of content analysis, this method will focus on analysing the production of information (reports, websites and social media), the message itself and the reception of the information. This will enable the researcher to gain how this information is produced and communicated, as well as its impact on the reception side.

## **1.9 Thesis Structure**

### **Chapter 1: Introduction**

This chapter has outlined the research idea, the aims, and the importance of the research.

### **Chapter 2: Theoretical Framework Of The Thesis**

In this chapter, the core concepts of the adopted theory are presented and explained and linked to the phenomenon to be researched. The research methodology is then explained based on the epistemological standpoint of the chosen theory

### **Chapter 3: Literature Review On Islamic Accounting, Auditing And Accountability**

The key related studies are critically reviewed in terms of the themes covered, the theories which were adopted, the research methods used, and the results, and the knowledge gap in the area is determined.

### **Chapter 4: Reflections On Islamic Accounting, Auditing And Accountability**

The evaluation of literature is explained from the standpoint of the theoretical framework.

### **Chapters 5 : Research Methodology And Methods**

The research methodology and methods that are adopted in the study.

## **Chapters 6 To 8: Exploring The Practice: The Case Of Islamic Charities In Scotland**

### **6- Empirical Work Part One: Context Analysis**

Religious organisations, their motivation and their roles in the world. Muslims in Scotland. Introduction to Islamic charity; forms, developments, laws that govern them in Scotland. The charity Act and law.

### **7- Empirical Work Part Two: Content Analysis**

The first research method is introduced to gain insights of the researched phenomenon. Documents e.g. annual reports, websites, and social media are be analysed.

### **8- Empirical Work Part Three: Interviews**

The conducted interviews are outlined and analysed in the light of the chosen theory and its related methodological issues. A number of charity stakeholders and wider community members have been be interviewed to get their perception on the phenomenon.

## **Chapter 9: Discussion, Conclusions And Future Research**

The contribution of the thesis is outlined, as well as the limitations of the study and future potential studies.



## **Chapter 2: Theoretical Framework; A Critical and Postmodern perspective.**

### **2.1 Introduction**

First, one has to acknowledge that there are different definitions of theory, depending on the philosophical standpoint. A general definition, however, could be adopted to gain a basic understanding of theory in the research process. One of these general definitions, for instance, considers theory as a way of thinking about the world rather than presenting it. As it is, for example, Alvesson and Deetz (2000, p. 37) identify theory as "a way of seeing and thinking about the world rather than an abstract representation of it. As such it is better seen as the 'lens' one uses in observation than a 'mirror' of nature". Regarding the functions of theory, Alvesson and Deetz (2000) suggest three functions; directing attention, organising experience and enabling useful responses. According to Held (1980), the purpose of theory is "to analyse and expose the hiatus between the actual and the possible, between the existing order of contradictions and a potential future state. Theory must be oriented, in short, to the development of consciousness and the promotion of active political involvement" (Held, 1980, p. 22). The researcher should be aware of the relation between the theory and the world, the relation between power and knowledge and the relation to real human communities, which provide the justification for the chosen theory (Alvesson & Deetz, 2000).

Conducting research without theory is seen as neglecting a fundamental tool of research, as Alvesson and Willmott (1992) suggest, "the combination of philosophy with empirical investigation is of fundamental importance. Without philosophy, empirical study is understood to solidify and legitimise existing dogmas and prejudices. It appears to mirror reality" Alvesson and Willmott (1992, p. 435). To research a social accounting phenomenon, theory is needed to explore and understand the engagement of accounting with the society in which the phenomenon is grounded; therefore, a theory that has multidimensional approach is required to explore this phenomenon in its context (social, economic and political). One of the issues that accounting research is considering is thus, the nature of accounting in society. According to Baker and Bettner (1997), accounting not only influences wealth distribution but also influences social justice, politics and the environment. The linkage between accounting and society needs to be understood by understanding its wider context. As Gray, et al. (1996) suggest: "if we wish to have any understanding of conventional accounting –the

role it does, can and should play- and extend that to social accounting, we must have some conception of the world in which that activity can, does and should take place.” (Gray et al., 1996, p. 15)

Not all researchers are researching technical accounting issues at the expense of neglecting the social dimension (Stewart, 1992). Further, building the body of knowledge mentioned above needs the relationship to be looked at concerning the two-way influence; accounting-society and society- accounting and how they interact and influence each other (Laughlin 1988). According to Laughlin (2007, p. 271), three themes are important for accounting research: “the design and choice of research approaches, the nature of accounting regulation and the reactions to these regulations in organisations”. Linking these themes with the role of accounting in society and the interactive relationships between both can be achieved by adopting a theoretical position, methodology and method that can be used to explore, investigate and analyse these interrelationships (Laughlin, 1988). Accounting, then, is “a significant component within civil society and should not be reduced to procedure bereft of virtue.” (Lehman, 2004, p. 9).

The relation between accounting and society goes beyond the role of accounting in society to the cultural elements that affect accounting profession (Ahmed, 1991, p. 397). Roberts and Scapens (1985) assert that “the only way to understand accounting practice is through an understanding of the organisational reality which is the context of accounting, and which is the reality that the accounting systems are designed to account for” (Roberts and Scapens, 1985, p. 444). The organisational context extends beyond the economic-based notions to engage other elements that influence and/or are influenced by accounting. Moreover, Rodrigues and Craig (2007), p. 748) argue that “traditional, purely economics-based explanations for organisational endeavour have failed to take full account of the social and institutional environment, including historical, cultural and normative influences” (Rodrigues and Craig, 2007, p. 748). Triuwono (2004) points to the powerful influence of accounting, on the one hand, which goes beyond recording numbers to changing people's lives and relations to each other and changes the way they talk and think. On the other hand, how accounting is influenced by values and the social environment it is practised in, which leads Triuwono (2004) to concluded that accounting is not value-free. Also for Ahmed (2007), conventional accounting is based on positivism and objectivism, where “positivism would appear to mean a belief in the existence and availability of objective

facts, and above all in the possibility of explaining the said facts by means of an objective and testable theory, not itself essentially linked to any one culture, observer or mood” (Ahmed, 2007, p. 25). For Max Weber, (cited in Montagna, 1997, p. 140), “rational accounting was a key component in the development of modern bureaucratic society”. Besides, Rodrigues and Craig (2007) acknowledge the failure of organisational economic-based explanations, as these ignore other important elements such as historical and cultural ones. Also relying on positivism is seen as a problematic issue in modern accounting, as it limits the concept of accountability to a decision-usefulness viewpoint (Lehman, 2004). Conventional modern accounting can also be seen as a language that imposes specific categories on its users and the societies it functions within. As a result of which, “systems of accountability may work as systems of domination through imposing a particular framework of categories upon organisation members” (Roberts and Scapens, 1985, p. 450).

The language of conventional accounting considers humans as merely economic agents whose relations to others are based on self-interest only and, according to Messner (2009), “as a consequence, accounting promotes a style of accountability that falls short of our mutual responsibilities and our identities as more than just economic subjects” (Messner, 2009, p. 919). Moreover, Shearer (2002) argues that the current accounting practices under neoclassical economics discourse are inadequate for the demands of accountability, as the economic human agent services the self in the organisation and neglects the other in the wider community. For Shearer (2002), broader accountability could be promoted, by challenging the economic agent, by broadening the accounting scope to reflect the moral and ethical responsibility of the economic agent to the others. From the discussion above, it can be seen that accounting has an involvement in the political and social sphere that requires a multidisciplinary approach to explore and investigate the interrelationships which result. As Reed (1996) explains, there are two general theoretical frameworks that take different standpoints, and thus look at the scientific phenomenon in various ways;

“Theoretical approaches developed under the auspices of the power, knowledge and justice frameworks tend to favour a focus on local/micro organisational process and practice; while the rational, integrationist and market narratives take a more global/macro conception of the ‘reality of organisation’ as their starting point.” Reed (1996, p. 42)

There are a number of theories that can be employed to investigate phenomena, each of which has different ontological and epistemological standpoints. For instance, accountability and agency theories are used to analyse the principal-agent relationship as both parties try to maximise wealth (Ihsan and Adnan, 2009). According to Unerman and O'Dwyer (2006) it is believed that the organisation does not have a duty to be accountable to any other party except the owner/s (shareholders). This theoretical position has been criticised as not being appropriate for the charitable sector, where the donors and management are not interested in maximising their financial returns. Another theoretical claim (stakeholder theory) goes beyond the basic principal-agent relationship to include other stakeholder groups but only those with power and legitimacy and which can influence the organisation and its achievements (Unerman and O'Dwyer, 2006). Within this theoretical position, wider stakeholder groups (even if they are directly or indirectly affected by the organisation's activities) cannot demand accountability, and the organisation does not have the responsibility of accountability to these groups.

This study adopts a theoretical framework that has a dimension that is interested in a project of emancipation. This emancipation project considers accounting as a social and communicative practice (Gallhofer & Haslam, 2003, p. 3) see also (Burchell, et al. 1980; Arrington and Schweiker, 1992; Arnold, 1998; Gaffikin, 2006; McKernan, 2007). Therefore, as Gallhofer and Haslam (2003) suggest, "critical, contextual and interpretive analysis is further promoted by the challenging philosophical discourse which especially emphasises the case for paying attention to detail and reflecting awareness of the dangers of an excessive and problematic dogmatism and universalism" Gallhofer and Haslam (2003, p. 20). Some forms of accountability seem to be inconsistent with this, while others are consistent or have potential to be so. In addition, Baker and Bettner (1997) advocate a critical perspective in accounting research, as accounting does not reflect an objective economic reality, and it has its impact on individuals as well as organisations and societies. Also, Gallhofer and Haslam (1997) emphasise that "critical research into accounting has the potential to build upon and go further beyond its current state in order to mobilise a more enabling and emancipatory accounting that can play its part in shaping and reflecting a better world" (1997, p. 87). Moreover, according to Ahmed (2007), positivism is seen as a form of imperialism and objectivism is a tool of domination. Baxter and Chua (2003) suggest the engagement of accounting with current debates in the social sciences to contribute to an alternative

accounting in the contemporary context. In this respect, Laughlin (1999, p. 73) identifies critical accounting as:

“A critical understanding of the role of accounting processes and practices and the accounting profession in the functioning of society and organisations with an intention to use that understanding to engage (where appropriate) in changing these processes, practices and the profession.” (Laughlin, 1999, p. 73)

This critical accounting approach is seen by Lehman (2010, p. 231) as useful for our appreciation of accounting in its social context. This appreciation provides opportunities for critical researchers to engage in critical evaluations, which, for Dillard (1991, p. 24), raises four sets of questions, in terms of false consciousness, questions concerning crisis, concerning education and issues about transformative action. Therefore, the critical approach is introduced in the following section.

## 2.2 Accounting and accountability: a critical perspective

### 2.2.1 Development and main concepts

According to Held (1980), critical theory emerged from the theorists and thoughts of The Institute of Social Research, established in Frankfurt in 1923 and continued in the thoughts of the well-known writer, Jurgen Habermas. Critical theory was intended to be “a comprehensive, totalizing, social theory which includes analyses of the interrelationships among economic, political, social and cultural spheres” (Kellner, 1989, p1). In addition, critical theory is considered as being a totalising social theory emphasises the social and political system(s). For Kellner (1989), critical theory “is informed by multidisciplinary research, combined with the attempt to construct a systematic, comprehensive social theory that can confront the key social and political problems of the day” (Kellner, 1989, p.1). Further, it was based on the Marxian thoughts of political economy and the critique of capitalism (Held, 1980; Kellner, 1989). Critical theory, however, criticised the Marxian thoughts as Held (1980, p. 21) articulated that;

"Marxism fails to grasp the significance of examining both the objective conditions of action and the ways in which these conditions are understood and interpreted. By underplaying human subjectivity and consciousness, Marxists missed the very factors which were so central in preventing the emergence of revolutionary agent" (Held, 1980, p. 21)

According to Seidman and Wagner (1992), Marxism also excluded gender from its analysis and its role in the production process of history, which question the validity of the analysis. The social and historical context is key to critical theory, as it is the foundation for exploring the social phenomenon and the notion of critique has a broader meaning than to be just criticism. Critique, for How (2003), “must be immanent to, or grounded in, particular historical circumstances and the potential they have to generate a better life” (How, 2003, p. 9). There are a number of concepts of Critical Theory that have been introduced to philosophy and social theory from different Critical theorists; there are, however, some key concepts discussed below.

### **Emancipation**

The central concept of critical theory is the emancipatory change, which is believed to transform individuals' lives for the better (Held, 1980, Alvesson and Willmott, 1992; Gallhofer and Haslam, 1997, 2003, 2004). The notion of emancipation was adopted by the early theorists of critical theory, as Horkheimer argued that critical theory “expresses and is guided by a “particular” practical interest, an interest in the emancipation of men and women from constraints of class society and domination in all its forms” (Held, 1980, p.192). This change comes from exploring and understanding the status quo of the phenomenon and the potentialities for emancipation. As Alvesson and Willmott (1992) explain: “Central to CT is the emancipatory potential of reason to reflect critically on how the reality of the social world, including the construction of the self, is socially produced and, therefore, is open to transformation” (Alvesson and Willmott, 1992, p. 435). Emancipation, however, was criticised from the critical theory perspective, as seen by Reed (1996), as it privileges emancipation through reason and knowledge while marginalising other notions, such as traditional values, which leads to a new set of conflicts between the traditional and modern.

### **Universalisation**

Universalisation is another concept of critical theory. Held (1980) argues: “Society is a totality which is continuously restructuring itself. As a consequence, the idea of social absolute – a complete or perfect state of social phenomena – is criticised” (Held, 1980, p. 179). Furthermore, Kellner (1989) explains that “Habermas defends the differentiation of cultural spheres and the development of autonomous criteria of rationality and universality in the field of knowledge, morality, law and justice, and art” (Kellner, 1989, p). Critical theory adopts the concepts of totalisation, standardisation and universalisation, which means it privileges the standard and the universal and sees

the particular and the different from the viewpoint of this standardised universal (How, 2003; Held, 1980). In terms of accounting, conventional accounting that is based on modernist thoughts and philosophy emphasises the codes and procedures while ignores the ethical (Kosmala and McKernan, 2011, p. 393). Gallhofer and Haslam (1997), however, see the particular as a universal practice. Gallhofer and Haslam (1997) believe that “we have to seek to prescribe accounting openly, democratically, sensitively and globally, although not necessarily as a universal practice or set of principles or in a form which imposes a false immutability upon a mutable social object” (Gallhofer and Haslam, 1997, p. 83). Similarly, Dahawy et al. (2002) articulate the inconsistency of international accounting standards with the cultural values in different nations, mainly the developing ones. Gallhofer & Haslam (2006, p. 907) also critiqued capitalistic and cultural imperialism as repressing particularities instead of respecting difference.

### **Communicative reason**

One of the core concepts of critical theory is reason, which refers to the idea that the only way to gain knowledge is through reason. According to How (2003), Habermas developed this concept “on his account, because humans are language users, and because language is oriented towards common agreement, there always exists the possibility of making reason work, and generating that elusive rational society” (How, 2003, p. 56). Under this concept, accountability is seen as a social action in which one’s action affects both the self and others. This social action produces what Roberts (1991) calls ‘socializing form of accountability’ which is seen as a form of organisational talk that confirms the self as an active subject which is in interdependent relations with others. These relations with others are reflected in a different experience of the self. The socialising form of accountability offers more possibility for the recognition of the self through its engagement with the other, which takes shape in face-to-face contact and challenging the views of others, which leads to the confirmation of the self via the other, and builds “a sense of both individual difference and mutual dependence” (Roberts, 1991, p. 363).

### **2.2.2 Criticism and limitation**

The early theorising of the Critical Theory has been criticised as it provides only general concepts. How (2003) explains that “one of the difficulties with Horkheimer, Adorno and Lasch is that their ideas are pitched at a high level of generality, making the need for further more detailed accounts necessary” (How, 2003, p.110). Modernism is seen as privileging emancipation through reason and knowledge while marginalising other

notions, such as traditional values, which leads to new set of conflicts between the traditional and modern (Alvesson & Deetz, 1996); modernism also focuses on the centre and ignores the margins (Kilduff and Mehra, 1997). Moreover, critical theory, as a trend in Modernism that rests on progress and reason (Cooper and Burrell, 1988), has faced criticism as we are in a new era of postmodernism when the narrow rationality and one-dimensional enlightenment are in crisis (Reed, 1996, p. 194).

### **2.2.3 Postmodernism as a possible alternative**

#### **Its emergence and definition**

The term ‘postmodernism’ originally came from architecture, art and media and had been adopted by social sciences and contemporary society in general (Inayatullah and Boxwell, 2003). It also refers to a structural and socio-cultural change that has happened in western societies since around the 1960s. It is about a historical trend which is in collusion with other current changes such as post-industrialism, post-Fordism, globalisation and mass consumption. Postmodernism, on the other hand, according to Inayatullah and Boxwell (2003), is a way of thinking. The term is adopted in organisational research using philosophical approaches that emerged from the works of Derrida and Foucault, amongst others (Alvesson and Deetz 1996). This new period of history we entered in the mid-1960s, has led to changes in terms of modes of production, media, consumption regulations and also the way we think: all these changes come with no universal laws or guidelines and with more flexibility (Montagna, 1997). Furthermore, the critique postmodernism offers to the notion of the universality of scientific knowledge and totalizing metanarratives differentiates it from the early theorists of critical theory. Thus, for Seidman and Wagner (1992) “postmodernists reconsider the relationship between scientific knowledge, power, and society as well as the relation between science, critique, and narrative” Seidman and Wagner, 1992, p. 2). In addition, Montagna (1997) claims that Postmodernism gives “close attention to Other worlds and Other voices, the emphasis on understanding differences and Otherness, as well as the representation postmodernism gives to a whole host of social movements (women, gays, blacks, ecologists, regional autonomists, colonised peoples) with their own new twist to an old narrative: a new form of cultural exploitation” Montagna (1997, p. 190).

Postmodernism favours the particular over the universal and multi-realities over generality. According to Seidman and Wagner (1992), “Postmodernists tend to favor



forms of social inquiry which incorporate an explicitly practical and moral intent, that are contextual and restricted in their focus (local stories are preferred over general ones), and that are narratively structured rather than articulating a general theory” (Seidman and Wagner, 1992, p. 7). As the postmodernists emphasise the (otherness) and the particular as explained, they adopt two main concepts; difference and decentring. In addition, the adoption of the deconstruction method by postmodernism differentiates it from poststructuralism as the latter is concerned with literature (Seidman and Wagner, 1992). The concepts of difference and decentring, can be seen in postmodernism as appreciating the difference between cultures, religions, nations and gender. As modernity was centred on western culture(s), postmodernism, on the other hand, is centring and emphasising the (other) cultures as well. Postmodernism also emphasises the marginalised voices that struggle to be heard (Kilduff and Mehra, 1997). It stresses the language, which is considered as central to the construction process, rejecting the grand narratives and universalisation, and emphasising the mass media and information technology and their role in our contemporary society (Reed, 1996). Postmodernism also favours relativism and subjectivism, which "signifies intercultural equality and respect". Further, meaning is culturally constructed, and cultures are equal (Ahmed, 2007). Moreover, the postmodern researcher’s goal, according to Kilduff and Mehra (1997), is “to challenge the content and form of dominant models of knowledge and also to produce new forms of knowledge through breaking down disciplinary boundaries and giving voice to those not represented in the dominant discourses” (Kilduff and Mehra, 1997, p. 458).

In the organisational research context, Kilduff and Mehra (1997, p. 457) argue "for a postmodern organisational science that exhibits both a mastery of traditional social science techniques and relevance to the contemporary situation of organisational members” (Kilduff and Mehra, 1997, p. 457). Similarly, Arnall and Wincott (2001, p. 682) believe that postmodernism has provided critical accounting with analytical tools and vocabulary that have helped to comment on the dominant objectivity of accounting. Moreover, some accounting researchers, for example. Messner (2009), have argued for some postmodern notions that open the doors for a new accounting that gives attention to the other as an ethical requirement. Ethical and moral dimensions have been marginalised by modern accounting: postmodern accounting thought gives them voice, and also postmodern accounting research aims to deconstruct the truth in accounting (signs, meaning, etc.) which problematises representation (Kosmala and McKernan,

2011). In the following section, some of the main concepts of postmodernism are briefly discussed.

## **2.2.4 Concepts of postmodernism**

### **Fragmented identities (fragmentation)**

While modernity emphasises the universal and totalization, postmodernism, on the other hand, adopts fragmented identities where there is no central unity. However, it "rejects the notion of the autonomous, self-determining individual with a secure unitary identity as centre of the social universe". This rejection of self-determination is seen as being to "suppress those conflicts and privilege masculinity, rationality, vision, and control" (Alvesson and Deetz, 1996, p. 98).

In the field of accounting, Stewart (1992) articulated that there are two different studies; Hoskin and Macve (1986) and Littleton (1933) explained and analysed the emergence of accounting and came to different conclusions. From a postmodernist perspective, the world is structured of units and divisions which provide the person with his/her particular social identity (Alvesson and Deetz, 1996) and each (particular) has its own discourse: as Cooper and Burrell (1988) argue, "discourse is no longer a neutral means for communicating about the world. Instead, it is the discourse of difference and self-reference" (Cooper and Burrell, 1988, p, 102). Postmodernism also emphasises the marginalised voices that struggle to be heard (Kilduff and Mehra, 1997). It emphasises language, which is considered as a central to the construction process, rejecting the grand narratives and universalization, and emphasising mass media and information technology and their role in our contemporary society. In addition, people, realities and social relations under different conditions of power provide "the historically specific tools for encountering the dominant discourses of the time" (Alvesson and Deetz 1996, p193), 1985). To Stewart (1992, p. 68) accounting history is not a single story centred on a master narrative such as decision-making or increased efficiency. Accounting and accountability research showed that different practices in different contexts lead to different systems of accounting and accountability e.g. (Hamid, et al. 1993; Jacobs and Walker, 2004; Roberts and Scapens).

### **Hyper-reality**

In contrast with modernity, postmodernism believes that reality cannot only be gained through reason; the experience of individuals, the group's values and traditions, as well

as individual's perception, are ways of gaining the reality of the world. Building on the previously discussed concepts, different unities and discourses lead to different reality(ies). Montagna (1997), claims that “there is no underlying reality to things, that what is “real” is what we socially define as real, that there are as many meanings to a text as there are interpretations of it, and therefore that all discourse is rhetorical” Montagna (1997, p. 130). From the postmodern perspective, economic reality and financial information are socially constructed, and not value-free. Postmodernism “denies any view of reality that assumes the independent nature of individual mental process and intersubjective communication” (Triyuwono, 2004, p. 134). As a result, simulation of reality threatens it, as Alvesson and Deetz (1996) argue that “dissimulation leaves the reality principle intact; the difference is always clear, it is only masked; whereas simulation threatens the difference between “true” and “false”, between “real” and “imaginary” (Alvesson and Deetz, 1996, p. 210). Centring reality on one group, nation, discourse or other factor is a mistake, as it means privileging and empowering the centred reality and ignoring the (others). In addition, Kilduff and Mehra (1997) argue the importance of individual perception in constructing the social worlds, which is believed to represent different realities.

Accounting is seen as a language that provides users with meanings of the financial or economic transactions in general (Roberts and Scapens, 1985; Messner, 2009). In conventional accounting, this language “portrays human beings as purely economic agents who relate to each other through their self-interests alone. As a consequence, accounting promotes a style of accountability that falls short of our mutual responsibilities and our identities as more than just economic subjects” (Messner, 2009, p. 919).

Another issue relates to the idea of considering accounting as a language used by an organisation (management) to communicate its activities, as there are different groups of stakeholders with different demands and interests, which requires the organisation to speak in different languages at the same time (Messner, 2009). Using this language and producing meanings in the forms of categories, tables, etc. may legitimate a particular stakeholder group(s) or the organisation (management) (Broadbent et al, 1996). Also accounting signs have historically transformed and no longer refer to objective reality but circulate in hyper-reality which does not function “according to the logic of transparent representation, stewardship or information economics” (Macintosh, et al., 2000, p. 13). With respect to accountability, Cordery and Baskerville

(2005) argue that the heterogeneous nature of stakeholders might reflect hyper-reality of accountability, as these different stakeholder groups have different interests, goals, demands and other needs. Accordingly, one can question the format (quantitative or qualitative reporting) of accountability in which the needs of individuals/different stakeholder groups can meet.

### **Continuity/discontinuity**

Postmodernism, unlike modernity, does not distinguish between the traditional and contemporary and the past and future, as our current experience came from the past but still exists in our life and has its impact on our perceptions, decision-making process and choices, for instance. In this respect, Kilduff and Mehra (1997) claim:

“In a typical postmodern fashion, work from very different eras is treated as part of a continuum. There is no pretence of a drastic "break" with tradition. Not only is work from a very different era introduced as a classical frame for the contemporary, but research from a different culture is also presented as relevant and vital to the research continuum” (Kilduff and Mehra, 1997, p. 474).

Macintosh (2002) claims that "history has a lot to say about the present" (ibid., p. 6) as it is "a storehouse and repository of the experience, wisdom, follies, and moral precepts which can and should provide the 'writing' for a better world today" (ibid., p. 5) and "past traditions of accounting are important for decisions and actions today" (ibid., p. 6). Moreover, "accounting statements are seen to link the past ... with the present, and some accounts are based on estimates of future events and transactions" (ibid., p. 6). In terms of accountability of NGOs, McKernan and Kosmala (2004, p. 368) argue that "NGOs have a clear moral responsibility to take into account the potential for unintended and unforeseeable impacts on a wide range of stakeholders arising from their advocacy activities, and to employ appropriate accountability mechanisms to enable this broad group of stakeholders to hold them to account for these impacts" (McKernan and Kosmala, 2004, p. 368).

### **Decentring and particularity**

The concepts of difference and decentring can be seen in postmodernism as appreciating the difference between cultures, religions, nations and gender. As modernity is centred in western culture(s), postmodernism, on the other hand, centres and emphasises the (other) cultures as well (Inayatullah and Boxwell, 2003, p123). In

management accounting, according that Baxter and Chua (2003, p101), postmodernism is seen as a way to “enables particular management accounting technologies to emerge at given times and places”. For Cooper and Burrell (1988), postmodernism “decentres the human agent from its self-elevated position of narcissistic ‘rationality’ and shows it to be essentially an observer-community which constructs interpretations of the world, these interpretations having no absolute or universal status” Cooper and Burrell (1988, p. 94). This concept in its organisational context, according to Kiduff and Mehra (1997, p. 457), means the organisation aims to “communicate both to the concerned minority.... and wider population”. In this regard, Roberts and Scapens (1985) point out that: “Systems of accountability may work as systems of domination through imposing a particular framework of categories upon organisation members” (Roberts and Scapens, 1985, p. 450).

Accounting and accountability are practised differently depending on the context; for instance, some accountability studies (Jacobs and Walker, 2004) in non-western religious organisations came to different conclusions than those regarding their western counterparts, for example, Laughlin (1988). In fact, the particularity of practices has been witnessed even within the western context. As an empirical study on the Iona Community in Scotland conducted by Jacobs and Walker (2004) found the irrelevance of the secular-sacred divide when practising accounting in religious organisations, which was the opposite of other findings by Laughlin (1988), for example.

IFRS implementation is another issue, as Hamid et al. (1993) mention the inappropriateness of some international standards in the Islamic context. In addition, a critique made by Cordery and Baskerville (2005, p. 2) refers to the exclusion the charitable sector faces in accounting harmonisation trends. IFRS and accounting harmonisation is just another example that shows the need for decentring accounting on conventional notions and giving voice to other contexts and practices, which have been neglected or under-researched. Further, Gallhofer, et al. (2000, p. 397) claim that;

“an accounting reflecting indigenous cultures would respect the particular values of different cultures as well as reflecting universal values. That would imply that the reporting of bodies whose activities cut across many differing cultures would need to reflect a respecting of the particular as well as the universal which is again suggestive of the possibility of producing a number of reports for different ‘units of account’” Gallhofer, et al. (2000, p. 397)

**Knowledge/Power**

According to Kilduff and Mehra (1997) “in postmodern research the goals are to challenge the content and form of dominant models of knowledge and also to produce new forms of knowledge through breaking down disciplinary boundaries and giving voice to those not represented in the dominant discourses” (Kilduff and Mehra, 1997, p. 458). Postmodernists focus on the relationship between knowledge and power in society, and how these systems of power privilege groups and ignore others, and how these privileged groups are represented and authorised to represent through power. Kilduff and Mehra (1997) articulate this idea by explaining that that “postmodernists seek not to transcend representation but to expose that system of power that authorises certain representations while blocking, prohibiting or invalidating others” (Kilduff and Mehra, 1997, p. 471). Foucault, for instance, has given attention to the power in knowledge rather than the power of knowledge. For Foucault “it is power which brings the truth of discourse into being and it is the “truth” of discourse which sustains power” (cited in Armstrong, 1994, p. 29). There is also the political dimension in producing knowledge. Knowledge is seen as a “function of human interests and power relations where this network of power produces and reproduces a regime of truth in society” (Alvesson and Deetz, 2000, p46).

In accounting, as postmodernism considers language as a very important element in constructing meanings, and as ideology is concerned with the production of meanings, which legitimise particular practices (Broadbent, et al., 1996, p. 270), the power of accounting in an organisation, and in society, lies in the structure of meaning (Roberts & Scapens, 1985). As such, the ideological contexts of accounting become as important as other economic, political and social contexts (Stewart, 1992, p. 57). In accountability research, as an example of those unrepresented, Cordery and Baskerville (2005) illustrated the interaction between salient stakeholder groups’ impacts and their power to demand accountability, compared to the position of the beneficiaries in charities, as the real-world accountability relationships are interacted between fewer stakeholder groups (dominant stakeholder groups). There are issues related to the information that management (as an agent) has, which is, in some cases, more than the principal (community?) has. There is also the issue related to the hidden information and actions that the forms and methods of accountability include (Broadbent et al., 1996). Roberts and Scapens (1985) suggest that systems of accountability at general level “provide for the binding of organisational time and space, and at more detailed level, that particular

context of interaction can be analysed in terms of individuals drawing upon structures of meaning, morality and power and thereby creating specific forms or patterns of accountability” Roberts and Scapens 1985, p. 450). Informing stakeholders means enabling them to express their political and social as well as economic choices ( Gray & Bebbington, 2001).

### **2.2.5 Limitations**

The core criticisms that postmodernism faces are the same as those faced by relativism. For instance, in the organisational studies field, Parker (1995, p. 562) suggests that “a hard postmodern epistemology is essentially a way of avoiding responsibility for the implications of organisational analysis... surely the purpose of any good theory is not to relativize the world, but to critique it in the hope of changing it”. There is also the lack of the narrow notion of the empirical, as postmodernism rarely goes beyond the conceptual writings to empirical work (Alvesson, 2000, p.110). Even the idea of the postmodern relativisation of representation of the other is also criticised, as it is introduced through particular categories of the dominant system (Inayatullah & Boxwell, 2003, p. 203). Despite the promotion of social and environmental issues in contemporary accounting, accounting still does not reflect the local interpretation of these accounting standards, which would reflect different cultures (Montagna, 1997). For instance, the role of spirituality in some cultures may challenge accounting, as Gallhofer and Haslam (2011) argue. There are voices in accounting calling for new forms of accounting that have cultural, spiritual, ethical and moral dimensions, which lead to more incorporation of local values, and thus accounting gives voices to the particular Other. Similarly, Parker (1992, p. 562) believes that the critical postmodern approach “is undoubtedly challenging and anyone who studies organisations needs to take account of its influence” and, Alvesson (1995) argues for the adoption of postmodern themes in the field of organisational research.

### **2.3 Similarities and differences between CT and PM**

One of the core commonalities between CT and PM is challenging the status quo and favouring the marginalised (Clegg et al., 1996, Kilduff and Mehra, 1997), and promoting their betterment. There are, however, some differences: for instance, whereas critical theory promotes the notion of universality, postmodernism adopts the notion of fragmentation. Moreover, while critical theory perceives reason as the only way of gaining reality, postmodernism goes beyond reason to celebrate the tradition,

values, experience and imagination. Critical and postmodernist theorists reject the modern emphasis on empirical observation and advocate that knowledge can be reached in its historical, social and political context (Lunn, 2009). Although both critical theory and postmodernism critique modernity, Alvesson and Deetz (1996, p. 194) suggest that “critical theorists see the modernists’ project as sick and see hope for reconstruction in recovery of good parts and redirecting the future. Postmodernists pronounce its death and proclaim the absence of thinkable future”. Arrington and Watkins (2002) argue for a postmodern perspective in critical accounting research, as it expands the space for political engagement.

## **2.4 Islamic thought and its implication for accounting**

There are interactive relationships between accounting and spirituality: as Gallhofer and Haslam (1997) point out, belief systems can challenge and transform modern accounting. Also challenging the morality and ethicality of the accountant, and “the openness of the institution of accounting to its future, to maintain its openness to the infinite, demands of the wholly other, to set it on another heading” For McKernan (2011, p. 712). For McKernan (2011, p. 712), “the good accountant must be both moral and ethical”. In addition, Kamla (2009) argues that the possibility of borrowing from the spiritual can be reflected in accounting in favour of the marginalised. Similarly, Pava (1998, p. 81) claims that “the point of a religiously based business ethics is that economic activities are never to be viewed only as ends in themselves”. Shapiro (2009) articulates what can be called spiritual alienation;

“Contemporary accounting practices are problematic because they help sustain and reproduce spiritual alienation. For example, the statement of financial position (balance sheet) asserts that investors and creditors provide the entity’s resources (i.e.,  $\text{Assets} = \text{Liabilities} + \text{Equities}$ ). This emphasis on capital providers does not acknowledge the reality that most resources are inherited from nature, from past generations, from current employees, and from other people in the community.” (Shapiro, 2009, p. 950)

This spiritual alienation could have an impact on “people’s capacity to engage in acts of social justice” (Shapiro, 2009). Also, Culliton (1949, p. 267) outlines the debate which may shape the potential link between accounting and religion in two questions: “Do there have to be two worlds religion and business? Isn’t there something that



religion has to offer that can be merged with business, in a sense much more fundamental than factories holding prayer meetings? It looks to me as if maybe religion does have something business could use”. Smith (2002, p. 59, cited in Gallhofer and Haslam, 2004, p. 398) identifies religion as a “particular framework—within which people find direction and nourishment for the spiritual dimension of their lives, and explore the spiritual journey in the company of others”. Religion is also seen as a component of the society and, for Lehman (2004, p) “key institutions such as religion play a central role in the formation of a civil society committed to the highest good in the form of honesty, trust and the cultivation of virtue”.

Religion also has its impact on international accounting and accounting in general, in terms of accounting harmonisation and inspiring accounting (Gallhofer and Haslam, 2004; Lehman, 2004; Askary, 2006; Rodrigues and Craig, 2007; Kamla, 2009; Molisa, 2011; Kamla, 2015, Kamla and Alsoufi, 2015). Kosmala and McKernan (2011) point to the marginalisation of the moral dimension in accounting research. Religion, in particular, is seen as something that should be connected with accounting, as it has issues that are involved in public life; according to Lehman (2004) “religion and morality must also be considered matters worthy of public debate and deliberation in society’s collective institutions. This way to think about the public involves a role for accounting which must be connected with religion and morality”. Gallhofer and Haslam (2004) also illustrate how “theology and religious belief systems as well as associated practices can be inspirational and insightful. In contrast to negative perceptions of theology in analysis, it is possible to point to the social emancipatory dimensions of theology and religious movements. Theology and religion can, for instance, aid the oppressed in their struggles for a better life” (Gallhofer and Haslam 2004, p 383)

This inspiration of accounting by religion and its emancipatory potential can be discussed by first shedding light on philosophical religious stands. As this study is interested in Islam, Islamic philosophy is introduced in connection with the previous philosophical stands discussed above (modernism and postmodernism). Between objectivism in modernism and subjectivism in postmodernism comes what Leaman (1999) has suggested as The Third Man or religious fundamentalism, where there is belief in the external and denial of relativism, with acknowledgement of subjectivity at the same time, which introduces a coherent cultural system. Islamic traditions, for example, believe in the coexistence of the objective and subjective reality (Triyuwono, 2004, p. 139).

According to Syyyed Hossein Nasr (cited in Leaman, 1999 p. 52) positivism divorced humanity from its spiritual roots, and introduced the separation between humanity and science, but "nothing is really completely independent from a religious point of view, since the world was brought into existence by God and its constitution is formed by God." (Leaman, 1999, p. 52)

According to Leaman (1999, p. 54), what the conventional (Western) philosophy cannot do is "to provide space for the development of humanity's links with the spiritual; it cannot help us to understand in an emotional and personal way what our place in the world is". This western modernism was critiqued by a contemporary Islamic intellectual, Sayyid Qutb (1906-1966), who called it "*Jahiliyya*" which means "simple ignorance of a divine truth that had not yet been revealed by Prophet" (Euben, 1997, p 443). For Qutb (cited in Euben, 1997, p443, 444) "modern *jahli* society has rejected God's authority because it has refused to accept divine authority over political as well as moral conduct... so *jahli* authority is, finally secular authority". In contrast, the Islamic approach to science, according to Leaman (1999, p. 54) is that science is an alternative way of worship and outside its spiritual context has no value. Islam, like modernism, emphasises rationality and the Qur'an itself has many references to the importance of reason (Leaman, 1999, p. 15). Also Islam, for Ahmed (2007, p. 84), shares with modernism the idea of unique truth; Islam, however, relates it to a privileged source (Allah), and truth, as Winkel (1989, p. 16) stated, "is grounded not in society, as for Habermas, but in God". From the classical Muslim philosopher, Ibn Rushd's (Averroes 1126 AD -1198) viewpoint (cited in (Leaman, 1999, p. 145), religion and reason "do not come into opposition with each other, it was because they are entirely different ways of doing the same thing". Another contemporary Muslim intellectual (Muhammad Abduh 1849-1905) shared similar views. Abduh believed that reason is a human feature that was gifted by God. Thus, one can identify rational religion as "one where believe in both consistent with and premised upon the laws of existence and the nature of the universe, rather than antithetical to them; the inherent rationality of such laws makes reason not only an appropriate but necessary means by which we may study them" (Euben, 1997, p. 438).

Ibn Al-Arabi (1076 AD -1148), a Sufist philosopher, (cited in Leaman, 1999, p. 68), considered imagination as a very important source of knowledge, as it mediates the materialistic world with the spiritual world and extracts ideas from the imaginal world and applies them to our experience. In addition, Al-Ghazali (Algazelus 1058 AD -1111)

accepted imagination as a source of knowledge to verify possible ideas from the impossible; Ibn Rushd, however, argues the poorness of using imagination as a guide to possibility and, instead, emphasises rational thought. Yet, if experience is accepted as a source of knowledge, as postmodernism does, then one questions the pure intellectual process to produce that experience (Leaman, 1999, p. 100). According to Al-Farabi (Alpharabius 892-950), "the ultimate goal of human existence is to attain supreme happiness (*al-sa'adat al-quswa*)... with absolute good (*al-khayr 'ala al-itlaq*)" and this absolute good is God (Bakar, 1998, p. 106). The fundamental concepts that are the foundation of Islamic philosophy are *Tawheed* (unity of God) and *Shariah* (Islamic law)<sup>2</sup> (Lewis, 2001; Inayatullah & Boxwell, 2003; Kamla, et al 2006;). In this regard, Kamla et al. (2006) argue the case of Islam and its principles that govern the environment that might contradict the current standards/practices in the west, and also might suggest new ideas that can be adopted. The two main principles; unity of God and *Shariah*, are discussed in the following section.

#### **2.4.1 Unity of God**

*Tawheed* (Unity of God), as the central Islamic concept, is explained by Kamla et al. (2006) thus: it "implies the unity and equality of all God's creations in the worship of God and their equality as partners in terms of the due respectful recognition of the existence of all and the due appreciation of interdependency and interconnectedness between all" (ibid., p. 249). Therefore, from the Islamic perspective, individuals, as well as businesses, are accountable to God and responsible towards all the creations of God. If God creates everything and He is the ultimate reality (Triyuwono, 2004), then, as Leaman (1999, p. 19) questions: "does this mean, then, that we cannot really act at all? If God knows everything, does he know that I am going to write this even before I do? If so, am I free not to write it? More importantly, is the sinner able to avoid sin? And if not, what is the justice in punishing him or her for it?" These questions were the cornerstone of a dialogue between two Islamic schools regarding the nature of God The Mutazila School argued (as cited in Inayatullah & Boxwell, 2003, p. 52) that "if God commanded his creatures to be good and moral, He cannot at the same time predetermine their actions to be adverse to those He requested from them.

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<sup>2</sup> There are other Islamic principles that are extracted from these two main principles, see Gambling & Karim, 1986, p. 41; Haniffa, 2001, p. 9; Haniffa & Hudaib, 2002, p. 19. These principles are explained elsewhere in this study, in conjunction with either previous literature or accounting and accountability practices.

Consequently, good and evil, faith and unfaith, are committed by men and men alone. They are the ones who bear full responsibility for their actions." (ibid. p. 52).

On the other hand, the Asharite School stands on the side: as Seyyed Hossein Nasr (cited in Inayatullah & Boxwell, 2003, p. 53) states: "for them, everything is caused directly by God; every course is the Transcendent Course. A fire is hot, not because it is 'in its nature' to be so, but because God willed it so. The coherence of the world is due, not to the 'horizontal' relations between things, or between various causes and effects, but to the 'vertical' bond which connects each concrete entity or 'atom' with its ontological cause ... The Asharites lay primary stress upon the discontinuity between the World and God, and the nothingness of everything in the universe before the Creator". Euben (1997, p. 433), also argues that the sacred text is not subject to interpretation, from the radical fundamentalist viewpoint.

Al-Ghazali then came up with an alternative between free will and determination (cited in Inayatullah & Boxwell, 2003, p. 55) and "attributed real freedom to the determined self, thus opting for self-determination. He made man responsible for his actions as well as for his future". This philosophical position taken by Al-Ghazali has its implementation in accountability, as accountability, from an Islamic perspective, as Lewis (2001, p. 114) explains, is "interpreted as being first and foremost, accountability to God through making information freely available". Baydoun and Willett (2000, p. 80) explain, "The Unity of God is defined by the *tawhid*, which requires a total commitment to the will of God and involves both submission and a mission to follow the Shari'a in all aspects of life". Under this Islamic concept come other concepts, such as equality, responsibility and accountability, which will be discussed in the next chapters.

#### **2.4.2 Shariah (Islamic Law)**

Lewis (2001, p. 104) identified Islamic law as "a legal system in keeping with the code of behaviour called for by the Holy Qur'an and the hadith (the authentic tradition)". This definition for some (e.g. Inayatullah & Boxwell, 2003, Kamla, 2015) is a narrow one, while others e.g. Moad (2007) believe it is not the right definition. Moad (2007) argues that translating *shariah* as a law incorporates the philosophical debate on what law is, which is still open debate in western philosophy. For Moad (2007), translating *shariah* as law is as confusing and misleading, just as is translating "law" as "western

*shariah*". *shariah* for Moad (2007) is an obligation to Allah not an obligation to the state, which does not mean there is no enforceable obligation in *shariah* by the state. For some Critical Muslim Intellectuals (CMIs), "Islamic sharia and law applied in the majority of Muslim countries today is static, based on conservative and traditional interpretations, not applicable to present social problems" (Kamla, 2015, p. 66). There is, however, another view that believes *shariah* is more than a law; they see it as a system of values and ethics and problem-solving methodology that "requires the believers to exert themselves and constantly reinterpret the Qur'an and look at the life of the Prophet Muhammad with ever changing fresh eyes... as Islam does not provide ready-made answers" (Inayatullah & Boxwell, 2003, p. 29). So it is a continuous interpretation, where there is no gap between the traditional and the contemporary. The concept of continuity is also shared by Mohammed Iqbal (cited in Leaman, 1999, p. 30), as he believes that "God is always acting, and the creation is an on-going project. It is also a mistake to think of ourselves as finished products". What generates this debate on the definition of *shariah* is its sources, which led some to believe it is an objective and fixed set of rules of law while other see it as general guidelines for humankind in their lives and the hereafter. These sources are discussed in the following section.

### **Shariah sources**

*Shariah* comes from two main sources which are; The Qur'an and *Sunah* (the teachings and traditions of the Prophet Mohammed) (Haniffa 2001; Lewis, 2001; Inayatullah & Boxwell, 2003). There are other sources that can be added as secondary ones, which are *ijma'a* (consensus) and *qiyas* (analogy) (Haniffa 2001; Inayatullah & Boxwell, 2003; Almond, 2007). These sources are used only when the two primary sources do not explain a case clearly or directly: as Almond (2007) explains, "the other sources of Shariah tenets are *Ijma'a* (consensus) and *Qiyas* (analogy), which are based on *Ijtihad*. *Ijtihad*; the mental effort of scholars having juristic expertise to find solutions to emerging problems and issues" (Almond, 2007, p. 21). Mohammed Abduh also encouraged *ijtihad* (reasoned reinterpretation) which is, to him, practised within *shariah* general guidelines (Euben, 1997).

It can be argued, however, that the mental effort of scholars depends very much on the knowledge each scholar has, which in some cases leads to disagreements on some matters in Islamic business regulations. Furthermore, some CMIs argue that *ijtihad* "is not merely the responsibility of the *ulama* and theologians but the whole community"

(Kamla, 2015, p68). Moreover, the interpretation of some Qur'anic verses or sayings of Prophet Mohammed sometimes differs from one scholar to another, which in many cases causes confusion in Muslim society. For instance, Ibn Hezm, a Muslim thinker, disagrees with analogy, as he believes that not all opinions which are based on analogy, are correct; therefore, analogy should be excluded from the sources of *shariah* (Ibn Hezm, 2003, p. 70). Moreover, both Imam Ahmed Ibn Hanbale and Ibn Hezm disagree with the idea of *ijma'a* (consensus), although Ibn Hezm accepts it only when there is no degree of doubt about the matter (Ibn Hezm, p. 1303). *Ijma*, Inayatullah & Boxwell (2003, p. 31) argues, is the *ijma'a* of the community as it was first practised by the prophet in the early Muslim community, but these days has been reduced by religious scholars to the consensus of the few; therefore, it must be the consensus of the community (*ummah*) in order to establish accountable governance. In contrast, Haniffa (2001, p.10) asserted that *ijma'a*, is “a consensus of Muslim scholars and is applied only in the absence of an explicit answer to the issue in question”.

Generally, *shariah* rules can be divided into two categories, the first is the orders to undertake an action and the second is the prohibition of taking action. These rules achieve the purposes (*maqasid*) of *shariah*, which have been discussed by scholars such as Imam Shatibi, Ibn Taimiyyah, Ghazali and Tahir Ibn Ashoor. Chapra and Chapra (1992, p. 6) believe that *shariah* objectives are not materialist, “They are rather based on its own concepts of human well-being (*falah*) and good life (*hayat tayyibah*) which give utmost importance to brotherhood and socio-economic justice and require a balanced satisfaction of both the material and the spiritual needs of all human beings”. Depending on the level of necessity, *shariah* has five necessary purposes (*darurat*) or which are preservation of

- 1- religion
- 2- life
- 3- lineage
- 4- intellect
- 5- property.

It can be easily seen that these objectives of *shariah* connect between this life and hereafter. Preservation of property as one of *shariah's* objectives refers to the sacredness at two levels; the first one is to respect private property while the second is

to respect the wealth of the human community as a whole. As *shariah* respects this property, the person should use, benefit and develop this wealth wisely.

In addition, Almond (2007, p. 24) lists secondary objectives of *shariah* as the following:

1. The establishment of justice and equity in society.
2. The promotion of social security, mutual help and solidarity, particularly to help the poor and the needy in meeting their basic needs.
3. The maintenance of peace and security.
4. The promotion of cooperation in matters of goodness and prohibition of evil deeds and actions.
5. The promotion of supreme universal moral values and all actions necessary for the preservation and authority of nature”.

Generally, there is a lot of work that has been done on *shariah* and its objectives; however, there are differences between these objectives, depending on the scholar, his background and the teaching school philosophy he belongs to. These positions can be categorised into two main philosophical standpoints. The first one is the fundamentalists’ position, where “reality” is seen as objective, ‘hard’ and ‘out there’ in the religious text (*Quran* and *sunna*) which shares the modernist concept of grand reality. As Euben (1997, p. 433) argues, “fundamentalists thus tend to reject the authority of past religious commentaries and textual interpretations in favour of what the text ‘really says’, thereby denying that determining what the text ‘really says’ is itself an act of interpretation”.

The second philosophical position is based on the subjective experience of ‘reality’ in the religious text and adopts ‘subjective’ tools in order to extract decisions and implement them in life, such as *ijtihad*. The latter position appreciates the continuous aspect in *shariah*, as its sources go back to the past and tradition (*Sunna*) as well as in the present (through *ijtihad* and *qiyas*). Thus, from this perspective, knowledge is seen as intersubjective and departing from the very objective reality (Allah as the ultimate reality).

From the discussion above, one realises the level of subjectivity in the decision-making process, although with the appreciation of God as the ultimate reality, and *shariah* as general guidance. With this level of subjectivity emerges the need for *jihad*. Leaman (1999, p. 19) explains that "there are two types of jihad, and the greater jihad is the

struggle we all have to undertake to reassert our basically spiritual nature in the face of the claims of material and secular world". According to Inayatullah & Boxwell (2003, p. 33), generally, the concept of *jihad* has been limited to the 'holy war' and has been taken out of its spiritual context "as the struggle for peace and justice as a lived reality for all people everywhere". Making determination (*hukm*) is a result of a process that brings all these sources together in conjunction with the problem in order to come to the *hukm*, this *hukm* is a relative certainty, as God only has the absolute certainty, as human knowledge is imperfect: all we can do is struggle to get the right knowledge and then base our actions on this knowledge (Reinhart, 1983, p.192). For Haniffa and Hudaib (2002, p. 21), Allah has provided assistance to humankind to choose their conduct by providing them with *shariah* (Islamic teachings), *aql* (intelligence) and *ikhtiyar* (free will).

#### **2.4.3 Summary of the theoretical position**

Some researchers, such as Gulalp (1997), have argued the similarity between Islamic philosophy and postmodernism, in their critique of modernism. In addition, the postmodern acceptance of religion as a social movement and other concepts of particularity, difference, (otherness) and emancipation, overlaps with *shariah* objectives, e.g. the betterment of people. In fact, some researchers (e.g. Gallhofer & Kamla et al., 2006; Lunn 2009; Haslam, 2011, p. 503; Kamla, 2015) have maintained that spirituality might provide a source of strength for emancipation. Further, the Islamic principle of Unity of God promotes the notion of equality (Haniffa 2001, p. 12; Kamla et al., 2006, p. 249) that postmodernists call for as well. Also, for Haniffa & Hudaib (2007, p. 99), *shariah* promotes justice (*al-adl*) and the welfare (*al-ihsan*) of society.

There is also a belief (Lunn, 2009) that the vision of religious organisations, in general, is the betterment of the world and empowering people, and this vision is not centred on economic factors but moral values. Moreover, contemporary Muslim intellectuals (e.g. Mohamed Iqbal, as discussed above) believe in the continuum of thinking, which is consistent with what Gallhofer & Haslam (2011) called 'emancipation'. Also Kamla et al. (2006) believe in what they call the emancipatory universalism' project that has accounting implications, in that it respects difference. According to Lunn (2009, p. 948), religion "varies considerably between continents, countries, regions and



communities, and its influence is specific to each locality". This can be seen to be in line with the particularity concept in postmodernism.

The critical and postmodern approach is seen as an alternative way to study organisations in contemporary organisations (Kilduff & Mehra, 1997). Further, Gallhofer & Haslam (1997, p. 77) argue for critical and empirical research to shed light on "those dimensions of accounting in action which so far are largely unexplored," such as intellectual and religious ones. The Islamic dimension in organisational research is no exception, especially with regard to accountability in new forms of Islamic charities (see Basri & Khalid, 2012), such as welfare charities. In addition, postmodernism, as Kilduff and Mehra (1997) argue, opens space for neglected viewpoints, and Islamic accounting and accountability practices is only one of these voices.

This study perceives in an Islamic theoretical position that appreciates the universality of Islamic principles, as well as the particularity of these principles in practice. This position is adopted because of the appreciation of the current aspects (political, economic, social and others) that the Muslim *umma* faces. This theoretical position is based on the dynamic nature of *shariah* as a problem-solving methodology (Inayatullah & Boxwell, 2003) and guiding force (Haniffa and Hudaib 2002, p. 15) rather than fixed (objective) rules and standards. Charities are seen as enabling the poor and lifting society (Kilby, 2006; Dhanani and Connolly, 2012). Charities in the Islamic context are also seen as bettering society and advancing practices (Ihsan and Adnan 2009; Yaacob, et al., 2012). Demonstrating wider accountability also leads to the social well-being of the community (Haniffa, 2001, p. 4). In addition, the concept of accountability from the conventional perspective is narrow and does not meet the Islamic view, in which accountability goes beyond accountability to fellow humans to God (Haniffa 2001, p. 8).

This Islamic dimension of accountability puts the social well-being of the community in a different context to its western counterpart. Thus, the study believes that the critical postmodern perspective has potential for motivating and enabling accountability in Islamic charities in general and in Scotland in particular. The implications of incorporating these Islamic concepts can help Islamic charities to perform in compliance with *shariah* in terms of accountability processes, as well as accountability relationships, forms and mechanisms, thereby, empower the lost voices of stakeholder groups in order to demand accountability and engage in the accountability process. The adoption of these concepts would construct equality in decision making and shared

concerns and responsibility in the wider community in different aspects of life. It also enables and empowers different stakeholder groups to practise accountability through participation.

## **Chapter 3: Literature review on Islamic Accounting, Auditing and Accountability**

### **3.1 Introduction**

The interrelationship between religious values and accounting and accountability practices has attracted the attention of researchers (Boyce, 1984; Laughlin 1988 & 1990; Gambling & Abdel Karim, 1991; Abdul-Rahman & Goddard, 1998; Baydoun & Willett, 2000; Parker, 2001, Gallhofer & Haslam, 2004; Kamla et al, 2006; McKernan & Kosmala, 2007; Kamla, 2009, Gallhofer & Haslam, 2010, 2011).

A number of studies have been conducted on accounting and religion, having different focuses and adopting different methods and methodologies. They cover various areas in accounting such as accountability (Laughlin, 1990; Abdul-Rahman, 1998; Murtuza, 2002; Jacobs & Walker, 2004; Lehman, 2004b; Lewis, 2006; Jayasinghe & Soobaroyen, 2009; Abbasi et al., 2010; Afifuddin & Siti-Nabiha, 2010; Osman, 2010; Yasmin et al., 2013) reporting and disclosure (Baydoun & Willett, 2000; Maali et al., 2006; Kamla, 2007; Othman & Thani, 2010), budgetary and control (Parker, 2001, 2002; Bowrin, 2004), financial management (Lightbody, 2000), corporate social responsibility (Graafland et al., 2006; Hassan & Latiff, 2009; Gallhofer & Haslam, 2010), auditing (Karim, 1990; Pomeranz, 1997) and social accounting (Gambling & Karim, 1986; Kamla, 2015). These studies were conducted in different countries over different periods from different religious perspectives. This study will critically review the literature that has studied accountability and related topics from an Islamic viewpoint, as cultures both influence and are influenced by accounting (Mirza & Baydoun, 1999a; Maali & Napier, 2010) and Islam is a significant cultural element that influences accounting (Sulaiman, 2001). Some researchers even consider accounting as part of the culture itself (Gambling & Karim, 1986).

The increasing focus on what is labeled as 'Islamic accounting' and Islamic finance is a result of the increasing phenomenon of Islamic banking during the last 30 years (Rahman & Rahim, 2003; Saidi, 2009). Others (Mahdavi-khou & Khotanlou, 2012) believe that the recent accounting scandals have led to an 'alternative' accounting that is more moral and ethically-based. Conventional accounting, according to Ijiri (1983), is based on one of two conceptual frameworks, either the decision-usefulness framework or the accountability framework. While the decision usefulness framework is centred on decision makers, the accountability framework focuses on the accounting

information supplier and the user/s of this accounting information. Some researchers, however, have criticised the practice of limiting the definition of accountability to financial accountability; as Walker (2002) argues: "the recent calls for accountability seem to focus purely on the ability to account for finances: financial accountability. Accountability, however, clearly has a wider definition. Its meaning is broader than the strict limitations of financial accountability" (ibid., p. 63). In addition, Lehman (2004) problematises the narrow definition of accountability which is based on decision usefulness and neglects its moral obligations.

Gray et al., (1996) define accountability as "the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible" (ibid. p. 38), which is based on the notion of the principal-agent relationship (PA). This model involves the ethical dimension in the accountability relationships between these two parties, although it ignores other stakeholder groups in society. As Messner (2009) puts it; "accountability is a morally significant practice, since to demand an account from someone is to ask this person to enact discursively the responsibility for her behaviour." (ibid., p. ) According to Kluvers and Tippet (2011) conventional accountability "is managerial, with a strong emphasis on compliance, particularly in-house compliance rather than informing the broader community" (ibid., p. 525).

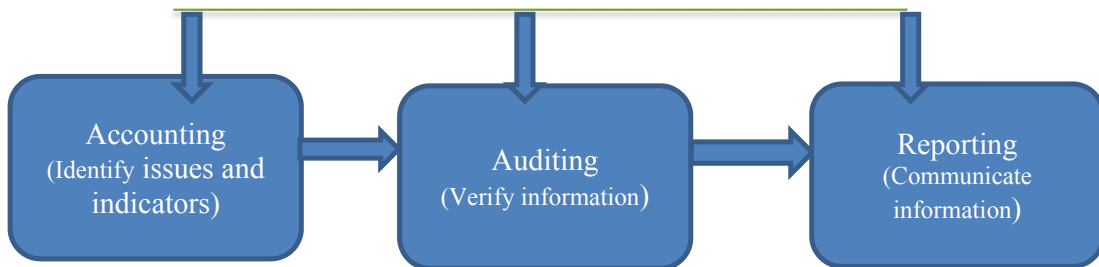
This PA idea has also been questioned by Broadbent et al. (1996):

"Who should we privilege in situations where there are value clashes about the nature of activities and about the nature of the accountability to which agents should be held. ... a second issue ... which will consider the extent to which the quantification offered by the imposition of the PA model provides democratic possibilities". (ibid., p. )

According to Walker (2002) accountability has a wider definition that goes beyond the purely financial focus. For him, the definition of accountability depends on the theoretical understanding of the term. Conventional accountability, according to Ebrahim (2003b) which is based on the principal-agent model, means powerful stakeholder groups use reporting to reinforce the role of the NGO as an agent of these stakeholder groups, such as funders or regulatory authorities, which in many cases serves the elite interest rather than the broader community. Gray et al. (2006) identify accountability as being "about the rights of society (or groups/stakeholders within

society) and relates to the rights that emerge from the relationships between the accountable organisation (the accountant) and the accountee”. (ibid., p. 334).

Based on the above, conventional accountability seems to be perceived have a trend of neglecting the ethical and spiritual dimensions of accountability, which are very important dimensions, as accountability is used by corporations to claim legitimacy (Abdul-Rahman, 1998). This indicates a trend in research towards going beyond financial accountability, by taking into consideration the cultural and religious elements, reporting and communicating non-financial information and being accountable to broader stakeholder groups. For Rasche and Esser (2006) “social and ethical accountability, often also described as social accounting ... or social and ethical accounting, auditing, and reporting (SEAAR) deals with the measurement, assessment and communication of social and ethical performance” (ibid., p. 251)



**Figure 1: Processes fostering social and ethical accountability**

Rasche and Esser (2006) suggest that the current (SEAAR) is a form of stakeholder management rather than promoting accountability. Rasche and Esser (2006) also suggest reforms in governance structure in order to broaden organisational accountability as shown in Figure 2 above<sup>3</sup>.

### **3.2 Accounting and accountability**

Accountability has its potential in developing accounting. According to Gray et al., (1996), it “does hold out the possibility for the development of accounting in a way which both contributes to and reflects the sort of democratic society in which individuals are better informed and more empowered, in which the inequalities of wealth are potentially exposed and the inequalities of power are somewhat reduced” (ibid., p. 42). For Roberts and Scapens (1985) the only way to understand accounting is in its organisational context, which reflects the reality in the organisational context

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<sup>3</sup> Adopted from (Rasche & Esser, 2006, p. 253)

which accounting systems are designed to account for. Also Sinclair (1995, p. 233) argues that accountability is not dependent on either the person, or the context. Moreover, accounting in an organisation involves more than production and reproduction of meaning, as “the practice of accounting institutionalises the notion of accountability; it institutionalises the right of some people to hold others to account for their actions” (Roberts & Scapens, 1985, p. 448).

Similarly, Shearer (2002) further articulates the idea, by arguing that accounting practices informed by neoclassical economics institute the accountable entity, which pursues its own self-interest. According to Shearer (2002), these accounting practices are inappropriate to meet the demands of accountability. Accounting is seen as mirroring the reality in an organisation and recording it objectively, which neglects the human origins of that knowledge. This means producing accounting information in a particular context to be used in a different context, where there might be different interests, shapes and forms of accountability (Roberts & Scapens, 1985). Further, conventional accounting “promotes a style of accountability that falls short of our mutual responsibilities and our identities as more than just economic subjects” (Messner, 2009, p. 919). In order to overcome this narrow focus of accountability, some studies e.g. (Dhanani & Connolly, 2012, p. 1161; Rasche & Esser, 2006) suggest stakeholder dialogue in order to broaden the concept of accountability. Others (Belal, 2002) criticises the one-way feeding exercise practised by some corporations as feedback from stakeholders is “not fed into the decision-making process” (ibid., p. 17)

### **3.2.1 Forms of accountability**

When accounting information is seen as objective and independent from those who produce it, accounting here shapes what is called the ‘individualising form of accountability’ which is associated with what Habermas called “rational action” (Roberts, 1991). This form of accountability shapes the sense of the self, as well as its relation to the other. In addition, these ‘objective’ accounting standards are taken as a lens to judge the self and compare it to the other; also, these standards are used to secure the self, as we have to judge the self as individual, who is different to others and an object of use (Roberts, 1991, p. 362). Relying on “accounting measures alone to evaluate service delivery goals can limit accountability, as there is abstraction and de-contextualisation from complex organisational realities” (Bracci & Llewellyn, 2012, p. 807).

In contrast, accountability can be seen as a social action in which one's action affects both the self and others. The 'Socializing form of accountability' is seen as a form of organisational talk that confirms the self as an active subject which is in interdependent relations with others: this form of accountability is associated with Habermas's idea of "communicative action". These relations with others are reflected in a different experience of the self. The latter form of accountability offers more possibility for the recognition of the self through its engagement with the other, which takes shape in face-to-face contact and challenging the views of others, which leads to the confirmation of the self via the other and builds "a sense of both individual difference and mutual dependence" (Roberts, 1991, p. 363). The Socialising form of accountability is, however, limited to its local context, due to the nature of face-to-face interaction and engagement (Roberts, 1991). Further, the socialising aspect of accountability requires different organisational context other than the commercial one in order to explore the wider aspect of accountability (Roberts & Scapens, 1985). Gourdie and Rees (2009) also observe that social accountability has "close working accountability relationships. Central to the relationship is knowledge and involvement in the local community". (ibid., p. 48)

The distinctions between these two forms of accountability, however, still not an easy task to undertake. For instance, Jacobs and Walker (2004) investigated the accountability practices in a religious community (Iona Community) in Scotland. They adopted a combination of two research methods, interviews and content analysis. Jacobs and Walker (2004) articulate the difficulty of distinguishing between the individualising and socialising forms of accountability that were practised in the community. Different elements in the community shaped different forms of accountability over time, as "the increasing size of the Iona Community and the growth in its bureaucracy had introduced structures for organisational accountability which were difficult to accommodate within the original notion of "community"." (Jacobs & Walker, 2004, p. 375). A number of issues had, therefore, become challenging in the community, such as participation, communication and integration. Due to the institutionalisation of the community, the individualising aspect of accountability emerged, although the nature of the community enabled resistance and promoted more participating forms of accountability to be implemented. The latter forms were consistent with the theology of the community and almost an example of socialising accountabilities (Jacobs & Walker, 2004, p. 379). Jacobs and Walker (2004, p. 378),

however, concluded that a socialising form of accountability “is not necessarily more liberating or freeing than an individualising mode”.

Accountability as a social practice is “subjectively constructed and changes with context” (Sinclair, 1995, p. 219) on a continuous basis. Sinclair (1995) explored accountability practices in some Australian public organisations by interviewing 15 chief executives. Data was collected by semi-structured interviews and both content and discourse analysis. A checklist was used as a guide for the interview questions. Sinclair (1995) argued that traditional accountability was concerned with upward accountability with new trends to outward accountability. Sinclair (1995) identified five forms of accountability; political, public, managerial, professional and personal. Moreover, in these forms, two discourses were identified: structural and personal discourses. In the structural discourse, accountability is seen as an objective feature of the organisation, constructed about rationality and procedures. In contrast, accountability in personal discourse is seen as a moral practice which “functions to admit the risks and failures, exposure and invasiveness with which accountability is experienced” (Sinclair, 1995, p. 224). Some researchers (Messner, 2009; Roberts, 2009) argue, however, for a limit of accountability because of what Messner (2009) called the ‘ethical gap’. Messner (2009, p. 918) suggests that “demands for accountability may become so great as to be ethically problematic for the person or organisation that is expected to give an account”. In addition, Roberts (2009) argued for the limit of transparency as a mechanism of accountability.

### **3.2.2 Mechanisms of accountability**

Under the neo-liberal theory, accountability mechanisms were seen by Walker (2002) as the contract that shapes the relationships and responsibilities between different parties involved. There are number of corporate accountability mechanisms, such as reporting and auditing (Ebrahim, 2003a; Gilbert, Rasche, & Waddock, 2011, p. 24). For Gray (2002, cited in Unerman and O'Dwyer, 2006, p. 349), the purpose of accountability mechanisms in the commercial sector is “to hold managers of organisations accountable for the social, environmental and economic outcomes (or impacts) arising from the actions (policies, practices and activities) of their organisations”. Therefore, these mechanisms are not only used to account for economic outcomes, rather, they have broader purpose to serve. Unerman and O'Dwyer (2006, p. 368) observe that the effectiveness of accountability mechanisms requires the



enhancement of social justice. Additionally, these mechanisms have to be suitable to the organisations, as the suitability varies depending on organisation type and stakeholders. Thus, Unerman and O'Dwyer (2006) suggest that each individual NGO should adopt the appropriate accountability mechanisms, which might differ from corporate ones.

Ebrahim (2003a) identified five accountability mechanisms practised in the NGO sector: reports and disclosure statements, performance assessment, participation, self-regulation, and social audit. These mechanisms were divided into two categories: accountability mechanisms that are considered as tools, such as reports and disclosure, and performance evaluations and assessment. The term “accountability tools”, for Ebrahim (2003a), refers to “discrete devices or techniques used to achieve accountability”. The second category of accountability mechanisms are considered as process mechanisms, such as participation and self-regulation. According to Ebrahim such process mechanisms “emphasise a course of action rather than a distinct end-result, in which the means are important in and of themselves” (ibid., p. 815). In the section below is some discussion from the literature on these mechanisms.

### ***3.2.2.1 Reporting and Disclosure***

Reporting and disclosure is a mechanism that used to emphasise upward accountability, but which has neglected, to great extent, downward accountability (Ebrahim, 2003a). Moreover, there have been some issues with the corporate type of reporting, as it is considered as inappropriate to the charitable sector, and instead, measurement of performance was advocated (Cordery & Baskerville, 2005). For instance, Dhanani (2009) noticed that charity sector reporting in the UK was based on the decision-usefulness concept, which is adopted in the commercial sector and concerned with money. In this respect, Cordery and Baskerville (2005) suggest the adoption of qualitative reporting vis-à-vis quantitative fiscal reporting in order to meet stakeholder needs. In charities, on the one hand, regulators and funders focus on financial reporting, and on the other hand, beneficiaries pay more attention to non-financial information and reporting (Cordery & Baskerville, 2005).

Qualitative reporting, namely narrative reporting, however, is seen as harder than quantitative reporting in the moral sense (Gambling et al., 1993). This kind of reporting needs to be linked to charity performance and outputs. One of the recent studies, (Dhanani and Connolly, 2012) found that reporting and disclosure practices in UK

charities were rational-led, rather than ethical and motivated by the positive stakeholder theory model. Further, disclosure practices in these charities were similar to those in their corporate and public sector counterparts. Moreover, “annual reports (and reviews) are used to shape outsiders’ perceptions of the organisation” (Dhanani & Connolly, 2012, p. 1160) which is seen as inconsistent with the ‘charities values.

### ***3.2.2.2 Performance assessment and evaluations***

Kilby (2006) asserts that accountability “is about the conduct and performance of an individual, a group, or an organisation, and how these are assessed” (ibid., p. 953). In terms of performance assessment and evaluations, Ebrahim (2003a) differentiated between internal and external evaluations in NGO sector accountability. While external evaluations are conducted by donors and focus on outputs, activities, etc., internal evaluations are conducted by NGO staff and concerned with progress towards goals and objectives. Najam (1996) argues, however, that the donors can be external (e.g. governments) as well as internal (e.g. members), which indicates that in some contexts, external and internal evaluations could be conducted by the same stakeholder group.

### ***3.2.2.3 Participation***

Participation, as another accountability process mechanism, is seen as a continuous practice and involving ongoing routines. Participation has different levels as well as different kinds. In the NGO sector, accountability can be enhanced by participatory evaluations by communities. Stakeholder dialogue and participation may reduce the potential damage to the society as a result of NGO activities’ outcomes (Unerman & O'Dwyer, 2006). Moreover, for Najam (1996) “the sham of participation translates into the sham of accountability” (p. 346). However, through participation, marginalised groups, beneficiaries, and communities could be empowered and lifted from this structural disadvantage (Kilby, 2006, p. 951). Ebrahim (2003a), however, regarding this accountability mechanism in the NGO sector, based a critique on the limited authority in decision-making processes given to communities or clients compared to NGOs and funders. In Ebrahim’s (2003a) words:

“These more radical versions of participation stress that poverty is based in power structures embedded in social and political relations. As such, without some mechanism for addressing unequal power relations,

participation appears unlikely to lead to downwards accountability.” (ibid., p. 819)

#### **3.2.2.4 Self-regulation**

Self-regulation as another accountability mechanism, as seen by Ebrahim (2003a), refers to the development of in-house standards and codes of behaviour which enable non-profit organisations to address their wider issues in the sector, “self-definition”.

#### **3.2.2.5 Social audit**

Social audit refers “to a process through which an organisation assesses, reports, and improves upon its social performance and ethical behaviour, especially through stakeholder dialogue” (ibid., p. 822). It also enables the views of stakeholders, e.g. communities, to be heard, although it is seen as a costly tool in terms of money and time for non-profit organisations.

Social audit is considered as an important tool to enhance both upward and downward accountability, in parallel with other accountability mechanisms such as performance assessment (Ebrahim, 2003a, p. 824). In the UK charitable sector, however, Dhanani and Connolly (2012) found that although regulations require auditors to compare narrative reports to the audited financial information, there was a shortage of the auditing process, which leaves room for the management to manipulate the reports and information presented. As pointed out above, accountability mechanisms are seen as empowering tools for the marginalised and the lost voices (Kilby, 2006, p. 955), and Gray et al. (2006) emphasise that, in the NGO sector, accountability goes beyond formal accountability, and is discharged via actions taken by NGOs; therefore, depending on the accountability relationships, the need for more formal or informal accountability mechanisms emerges. This was supported by one of the findings of Kilby’s (2006) study, as NGOs were found to be accountable through their actions as an expression of their values. Accountability in the NGO sector depends on the form of the NGO (e.g. membership-based or supporter-based and also its particular context (Najam, 1996, p. 348; Gray et al., 2006). Najam (1996, p. 345) also emphasises that the NGO is accountable to the community it is working in. The form and the context of the accountable organisation lead us to move the discussion towards a particular form of organisation (faith-based) and a particular context (the Islamic context) which is discussed in the following section.

### **3.3.1 Accountability in the not-for-profit sector**

As discussed above, accountability in different contexts and different settings has different requirements and different stakeholders. According to some researchers (Gourdie & Rees, 2009), accountability in the non-profit sector has different requirements from the commercial sector, as “the importance of non-profit accountability is inherent in the nature of these organisations” (Carnegie & Wolnizer; 1996; Candler & Dumont, 2010, p. 259). For instance, Carnegie and Wolnizer (1996) found the adoption of conventional accounting reporting inappropriate for some non-profit organisations, such as museums, as it affects the accountability in these organisations, namely accrual accounting. Furthermore, Carnegie and Wolnizer (1996) advocate an alternative approach to accountability in museums ‘enabling accountability’ which lays emphasis on “a wide variety of factual, reliable and interpretable indicators” (ibid., p. 94).

Organisations in the non-for-profit sector share some similar characteristics, such as self-governance, degree of voluntarism, non-profit, working for the betterment of society (Dhanani & Connolly, 2012), and empowering the marginalised (Kilby, 2006). One of the factors affecting this difference is the nature of the organisation itself. In addition, Ebrahim (2003b) highlights the abuse of power in not-for-profit organisations by donors and regulators, which leads to narrow conception of accountability. Accountability in not-for-profit sector is defined by Ebrahim (2003b, p. 194) as “the means through which individuals and organisations are held externally to account for their actions and as the means by which they take internal responsibility for continuously shaping and scrutinizing organisational mission, goals, and performance”. Accountability in non-profit organisations, from an integrated perspective, is, for Ebrahim (2003b), a broader accountability, based on observations. Firstly, accountability as a concept is a relational one, not an objective concept. Secondly, in the accountability relationships, non-profit organisations are seen as both principals as well as agents. The accountability mechanisms used to affect the dominant direction of these relationships. Thirdly, in non-profit organisations accountability is both internal and external (Ebrahim, 2003b). One of the main findings of Ebrahim (2003b)’s study was that accountability to clients in non-profit organisations was a weak form of accountability compared to accountability to funders and regulators. In another study, Ebrahim (2003a) articulated the underdeveloped nature of downward accountability

mechanisms in the NGO sector. Downward accountability was seen by Kilby (2006) as an effective tool for empowerment of the poor and marginalised.

Finally, characteristics of accountability varied with NGO type (as many NGOs are also charities (Gray et al., 2006)), as each NGO type studied had its different and unique accountability characteristics. In the following section, the literature on accountability in the charitable sector in particular is reviewed.

### **3.3.2 Accountability in the charitable sector.**

According to some researchers (Palmer and Vinten, 1998; Hyndman, 1990), the first comprehensive study in charity accounting was the study of Bird and Morgan-Jones (1981). In the latter study, the researchers argued what they believed to be the inconsistency of accounting treatment adopted in the charitable sector. This led to the development of a body of accounting research in the field, which later introduced Statement of Recommended Practices (SORP) in the UK. The development of the early SORP in the UK, according to Palmer and Vinten (1998), was motivated by the interest of the academics and as a response to the changing social policy in the UK in the 1980s. In another study, Hyndman (1990) studied charity reporting and information needs in the UK. The sample of the study comprised of the 200 largest fund-raising charities in the UK. Four types of information were analysed: audited operating statement, audited balance sheet, list of officers, and audited funds flow statement. The study adopted the questionnaire in data gathering, and 240 questionnaires were sent to charities. One of the main findings of the study was that charity reporting was dominated by audited financial information. This was seen, as accountability not being discharged in the most effective manner, as reporting is considered as one of the accountability mechanisms. However, non-financial information was seen as the most important information by users. The study suggested the need for a shift of emphasis from financial to non-financial disclosure, such as assessment of the performance of the charity.

Another study conducted by Connolly and Hyndman (2004) compared performance reporting by British and Irish charities. A sample of 332 charities was selected, based on income, as the charities are divided into two groups: small (with income between £100 000 and £650 000) and large (with income greater than £650 000) mainly fund-raising charities. The sample comprised 80 large British charities, 15 large Irish charities, 169 small charities, and 68 small Irish charities. The study found limited

performance reporting in both British and Irish charities, with particular issues relating to the Irish charities, such as the weaker legislative framework compared to Britain. Furthermore, the study found that larger charities had higher quality reporting than their small counterparts, in both British and Irish charities. Palmer et al. (2001) conducted a study on a sample of 135 large charities registered with the Charity Commission in England and Wales. The study investigated the charity SORP compliance. The main finding of the study suggests significant SORP non-compliance although there was awareness of SORP.

Another study conducted by Hyndman and McMahon (2011) focused on the influence of the government in developing quality reporting in the UK charitable sector. The study evaluates SORP, in particular. The study adopted two research methods: content analysis and interviews with various SORP committee members. All interviewees viewed government as the key stakeholder for charities, as it has significant direct and indirect influence on charitable sector e.g. as a resource provider, and regulator. The study found that the government facilitated the adoption of good financial practice, although it did not detail it. Furthermore, the government, as a key stakeholder, made demands for improvements in terms of reporting via introducing SORP. The findings also suggest the powerful hand the government have in shaping accounting and reporting in the charitable sector in the UK.

Gourdie and Rees (2009) explored accountability practices in three charities in New Zealand; two were community trusts and the third was gaming charity. The data was collected by interviews with senior staff members of these charities. One of the findings of the study was the inappropriateness of accountability procedures used in the commercial sector for some types of charities such as community trusts, while business-like accountability fits other forms of charities, like the gaming charity. The study called for greater accountability that takes into consideration the contextual nature that charity operates in. The researchers acknowledged the limitations of the study in terms of; the area (Waikato area in New Zealand), as the charities in this area might not represent charities in New Zealand. In addition, the scope of the study was limited to the accountability relationships between charity donors and recipients.

Another study by Dhanani (2009) was conducted on accountability of UK charities. The study's sample was the largest charities registered in England and Wales. The accountability practices were dominated by upward accountability to funders. The researcher also found weak performance accountability. Overall, Dhanani (2009) found

an improvement in practice over time. Later, Dhanani and Connolly (2012) conducted a similar study on UK charities. The study was based on the stakeholder theory. A sample of the largest UK charities ranked by CharitiesDirect was used by analysing the content of annual reports and annual reviews for these charities. The main finding of the study was that accountability practices of the sample were similar to those of corporate and public sector organisations. The motivation for charities was to legitimise their activities.

A similar study was conducted on Scottish charities by Crawford et al., (2009). In Crawford et al.'s (2009) study, 20 interviews were undertaken with trustees, treasurers, and management members. Although the study was conducted on Scottish charities, the interviewees were selected according to the charity's income band, rather than charity type or objectives. Besides, the study investigated the views of the charities' insiders and neglected other stakeholders' views and perceptions regarding the accountability practices of these charities. Only one treasurer was interviewed from a charity that its purpose the advancement of religion. It is, however, not clear if the charity was an Islamic charity or not. Both studies investigated the views from within the charities (internal stakeholders) and neglected other views of the wider stakeholder groups. In addition, the views of some internal stakeholders such as employees seemed to be marginalised and left unheard.

Yasmin et al., (2013) undertook 13 semi-structured interviews with trustees and preparers of annual reports in Muslim charity organisations registered in England and Wales. Yasmin et al. (2013) found some explanations for the lack of communicated accountability in Muslim charity organisations from interviews; the first reason was the inherent trust by donors of these organisations. This trust was divided into two types, identity-based trust and knowledge-based trust. Also, Yasmin et al. (2013, p) found that "the organisational structure in many of these MCOs<sup>4</sup> is less formal and decisions are concentrated mainly around the founder or a few active trustees", as these charities were seen as 'personal endeavours'. This empirical evidence shed light on the lack of incorporating Islamic values in these charities, such as *shura*. Also, Yasmin et al. (2013) explored the perceptions of the trustees and preparers of TARs and neglected other views of the wider *umma*. Furthermore, the focus seemed to be on how specific

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<sup>4</sup> Muslim Charity Organisations

stakeholder groups are satisfied: namely, donors and regulators, while other groups were marginalised and kept unheard.

Before moving on to the next section, it is worth mentioning that, generally, the literature on conventional accountability was concerned with dominant practices of accountability and was centred around the largest organisations, e.g. in religious organisations (Laughlin, 1990) in the charity sector (Dhanani, 2009) with some exceptions (e.g. Jacobs & Walker, 2004). In terms of theories, they adopted stakeholder theory (Swift 2001; Rasche & Esser 2006; Dhanani & Connolly, 2012). Also, the methods employed were mainly content analysis, although many of these studies analysed annual reports only and neglected other documents and electronic reporting and communication e.g. websites, newsletters etc. Another method used was interviews; interviews were also conducted with key people in the charities and not-for-profit organisations but not with the wider community and the marginalised. This study intends to go beyond interviewing main groups of stakeholders, to include other marginalised groups and silenced voices in the accounting research in the charitable sector.

### **3.4 Accountability: an Islamic perspective**

There is a growing literature in accounting that differentiates between the conventional business environment and its Islamic counterpart (Napier, 2009). The distinction is based on different point of views. Generally, it is based on one or more of these criteria; the objectives of accounting, *shariah* requirements (Maurer, 2002; Haniffa, et al., 2004; Dusuki & Abdullah, 2007), specific Islamic principles (Mirza & Baydoun, 1999a; Sulaiman, 2003; Kamla and Alsoufi, 2015) or all these together, as a whole set of objectives that service a complete set of principles (Taheri, 2000; Lewis, 2001).

Napier (2009) explored Islamic accounting research historically by reviewing the literature that had been done on Islamic accounting. Then the researcher calibrated the histories of Islamic accounting, in the last section the conclusion remarks of the study were drawn. The study concluded that despite that fact that there were no many studies had been conducted on Islamic accounting from a historical viewpoint; recent years have brought increasing literature accompanying the Islamic banking practices. The study also asserted that Islamic accounting had its social, political, economic and cultural (including religious) factors that differentiated it from conventional accounting.



Tinker (2004) explored the development of the enlightenment from a religious (Christian and Islamic) perspective in conjunction with calculative sciences, where accounting was found as a tool of promoting the capitalism. The researcher also argued that Islam was considered as a threat to today's capitalism while Christianity was not.

#### **3.4.1 Accounting Harmonisation: an Islamic perspective**

Hamid et al. (1993) investigated accounting harmonisation and the cultural element, taking Islam as a case study. The study claimed that there were some potential impediments that accounting harmonisation would face when implemented in the Islamic world. For instance, prohibition of *riba* (usury/interest) in Islam would put accounting harmonisation in a state of real complexity, as conventional accounting adopts the time value of money concern and discount-calculation-based accounting in its procedures. According to Islamic principles, businesses should adopt and work in the monetary system, which differs from the conventional one and has its own finance theory, financial standards and arrangements. Mirza and Baydoun (1999b) share this point of view, as Islamic societies need their own accounting and reporting standards; these standards, in their view, are most likely to adopt the historical cost concept with assets revaluations on a selective basis. Further, Mirza and Baydoun (1999b) argue that the Islamic reporting standards are more likely to adopt more detailed disclosure of social information as well as financial information.

Another study conducted by Karim (2001) explored accounting standards that govern Islamic banks in the light of international accounting harmonisation, with special emphasis on the standards of AAOIFI. He introduced the nature of commercial and investment banking and then gave special attention to the characteristics of Islamic banks and their regulation and finally explained the accounting treatments of investment accounts within these banks. In summary, the study concluded that there was a low implementation of AAOIFI's standards. According to Karim (2001), that was because of a number of elements, such as that the authorities in charge of accounting standards were not aware of the benefits could be gained by implementing AAOIFI standards. AAOIFI itself, however, faced a challenge, as there was a call for harmonisation of accounting standards. Another challenge was the different regulatory bodies at different levels (nationally, regionally and internationally) and how could collaborate and which form of collaboration could take.

Another study, conducted by Adnan and Bakar (2009), investigated the accounting standards and guidelines and their related practices with regard to corporate zakat. They mainly focused on financial accounting standard No 9 (AAOIFI) and Technical Release i-1 by the Malaysian Accounting Standard Board (MASB). The researchers concluded with two objections regarding these accounting standards in conjunction to the accounting conceptual framework. The first objection was about the definition and recognition of zakat which would be reflected in the presentation, as to whether zakat should be treated as an expense or distribution, for several reasons: one of them was that that zakat does not meet the expense definition. The researchers suggested the adoption of distribution rather than an expense. The second objection was regarding the measurement or determination of zakat as both Standards suggest different methods of measurement, which might affect comparability between businesses that work in compliance with shariah.

Another study, carried out by Abdul-Rahman (2003), examined regulatory accounting issues related to Islamic financial instruments (sukuk). The researcher explored the role of accounting in Islam and the objective of accounting from an Islamic perspective. For Abdul-Rahman (2003, p. 4) "the primary objective of accounting information must be to fulfil the ultimate accountability to Allah SWT". Therefore, accounting has to comply with shariah principles. In the study there were a number of technical issues discussed, such as income and expense recognition, measurement and disclosure. Abdul-Rahman (2003) concluded that codified Islamic accounting standards based on shariah requirements could practised in our times by borrowing from 'modern' accounting. He acknowledges the difficulty of codifying Islamic accounting, as the differences among Muslim scholars are another challenge. Abdul-Rahman (2003) called for more research to be done in order to develop Islamic accounting which is still, for him, in its early stage. A critique made by Cordery and Baskerville (2005, p. 2) to the international accounting harmonisation is that "charitable entities, and other similar nature in the not-for-profit sector, are commonly excluded from trends towards international harmonisation".

### ***3.4.2 Accounting and shariah***

Triyuwono (2004, p. 143) identified the Islamic accounting as "Shariate accounting" that should be directed to the creation of "sacred knowledge". It is the one which is full of tawhidic values and brings about the consciousness of self to know and worship the

Ultimate Reality", and this ultimate reality is Allah. For Mahdavi-khou and Khotanlou (2012,) Islamic accounting is "the branch of accounting which sets its goals and performs all of its activities to achieve those goals ethically and objectively within the limits and boundary of Islamic Shari'ah" (ibid., p. 1319. According to Lewis (2001), there is no distinction between sacred and secular in Islam. Lewis (2001) argues some accounting concepts are irrelevant to Islam and therefore cannot be adopted by Islamic businesses, such as conservatism and matching. Haniffa and Hudaib (2002) shared the same opinion that Shariah is the basis for developing Islamic accounting, as conventional accounting is not appropriate for Muslims because of three elements: Islamic values, conventional accounting's emphasis on economic rationality and the fact that it is shareholder-orientated. Ahmed (1994), however, found that, most of the conventional accounting principles, policies and procedures are accepted from an Islamic point of view and do not conflict with shariah; therefore, Islamic business do not need different accounting.

Lewis (2001) explains the nature of accounting in Islam by introducing several Islamic principles related to business. He differentiates between the Islamic principles in finance and accounting and western counterparts: for instance, *riba* (usury/interest), *zakat*, *haram*<sup>5</sup>, *gharar*<sup>6</sup> and *takaful* (cooperative insurance) and how these principles affect Muslims' lives. Lewis (2001) believed in two approaches for developing Islamic accounting: the first is to establish accounting objectives that are in line with Islamic teachings and the second is start with current conventional accounting objectives and test them against Islamic teachings. Where (AAOIFI) adopted the second approach, other researchers (Gambling & Karim, 1986; Lewis, 2001) have adopted the first approach.

### **3.4.3 Accountability: the concept in its Islamic context**

Basri & Khalid (2012) refer to the lack of studies conducted on accountability from the Islamic perspective in religious organisations, compared to the growing literature on the same topic for its Christian counterpart. Islamic accountability for Basri & Khalid (2012), is based on two main concepts; the concept of tawhid and the concept of ownership. The broader concept of accountability embodied under the concept of tawhid goes beyond the accountability concept in western societies. Accountability

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<sup>5</sup> Forbidden

<sup>6</sup> Risk, uncertainty, or hazard

from an Islamic perspective according to Basri and Khalid (2012, p29), "encompasses both the vertical accountability to God and the horizontal accountability to other individuals and the community."

Accountability, from an Islamic perspective, is to God and the community at large for all activities including business activities (Lewis, 2001; Murtuza, 2002; Iqbal & Lewis, 2009; Osman, 2010). Abdul-Rahman (1998) differentiates this from accountability in the western context, which is based on imposed standards and rules, and concerned with being accountable to shareholders, although recently this has been extended to the wider stakeholders. Islamic accountability, for Abdul-Rahman (1998), is based on certain values; *tawheed* (unity of God), *khilafah* (viceregency), *taklif* (accountability), *shura* (mutual consultation), *hisba* (religious audit). For Abdul-Rahman (1998, p. 68), Islamic accountability "combines the concepts of tawhid, khilafah, and taklif on the one hand, with the requirement of proper book-keeping on the other." Accountability from the Islamic perspective, for Yunanda and Majid (2011, p. 130), "encompasses commands, forbidden things as well as matters left to choice". These three components of Islamic accountability need tools and mechanisms (Abdul-Rahman, 1998), while the religious audit ensures that the entity is run Islamically, through three functions:

- "provision of advice (ex-ante auditing)
- monitoring performance (ex-post auditing) and
- the audit of Islamic tax (zakah)" (ibid p. 64)

Also through the concept of *shura*, Abdul-Rahman (1998, p. 63) asserts, "Islam emphasises truthfulness, justice, and the spirit of consensus-seeking among participants during group decision making". In terms of *hisba*, Abdul-Rahman (1998) provided the criteria of the *muhtasib* (the person who conducts *hisba*), who has to: have a high degree of integrity, be knowledgeable about Islamic jurisprudence, and have in-depth knowledge of the local customs. It is worth mentioning that the study did not provide any empirical evidence on how these concepts and values were practised and whether these values advanced the accountability in action in Islamic corporates or not.

Osman (2010) explored accountability as a tool to improve the effectiveness and efficiency of *waqf* management in Malaysia. Osman (2010) reviewed the literature on NGOs accountability and borrowed the upward and downward accountability norm in order to develop an accountability model for *waqf* management in Malaysia. Further,

Osman (2010) illustrated the notion of accountability from an Islamic perspective. Accountability in Islam, according to Osman (2010), is to God as Unity of God is central to Islam and Mankind is a trustee on earth. For Osman (2010) accountability in Islam is based on two main principles; Unity of God and trusteeship (Kilafa). In the case of *waqf*, accountability to God is manifested through accountability to beneficiaries. Osman (2010) also advocates the beneficiaries' rights in engagement and participation in accountability processes, as they are a God-given power, from the Islamic perspective. He also argues for giving the beneficiaries of *waqf* on the local level the right in the decision-making process rather than the national authorities, who might decide differently from local people. Although Osman (2010) urged a holistic accountability approach to be adopted by *waqf* management, empirical evidence is still needed to support this argument regarding the current *waqf* practices and the perceptions of local beneficiaries/communities on these practices.

A similar study was conducted by Hidayatul et al. (2011), to examine the accounting practices in *waqf* organisations and how accountability was discharged. The study was based on two case studies of *waqf* institutions in Indonesia (ABC and XYZ *waqf* institutions). Data was collected by interviews, content analysis and observation. The study found practices in the two *waqf* institutions varied. For instance, while ABC disseminated its annual reports to the public via newspapers and the internet, as it believed that *waqf* belongs to the *umma* (holistic accountability), XYZ did not disseminate its reports, even in its own publication and on its own website, as it believed that the ultimate responsibility was to the annual general meeting (upward accountability). Another finding of the study is related to practising Islam itself within these two *waqf* foundations, while in ABC staff stopped all their activities during prayer times and conducted the prayers together, in XYZ this process was not found. Based on their findings, researchers suggested the adoption of accounting standards for *waqf* in Indonesia or the adoption of AAOIFI standards for *waqf*. It could be argued that the study conducted interviews with a very limited number of people (four to five in each *waqf* institution) and neglected other stakeholder groups, including beneficiaries and the local community. Another issue is related to beneficiaries' engagement and participation, as the study seemed neglected this aspect.

Afifuddin and Siti-Nabiha (2010) studied the accounting and accountability practices in some Islamic organisations. These researchers believe accountability from Islamic viewpoint is to God and thus it is an obligation, rather than taking contractual or

communal forms; they assert that “accountability in Islam requires every Muslim to make sure that their activities in the world are in line with Islamic rule” (ibid., p. 1136). Afifuddin and Siti-Nabiha (2010) distinguish between faith-based organisations and other types of organisations, as the former are “link to God”; also, the ownership of these organisations is a key factor, as they depend on external providers of money. Further, the public are interested in their mission, as they are non-profit organisations. In addition, Afifuddin and Siti-Nabiha (2010) argue the difficulty in measuring the results of their activities. All these issues are challenges to establish accountability mechanisms in these faith-based organisations. By comparing what is desirable to be in Islamic organisations and the findings of previous studies, Afifuddin and Siti-Nabiha (2010) concluded that, in general, the performance of these organisations does not comply with *shariah* requirements and suggest the adoption of Islamic values.

More recent studies conducted by Yasmin et al. (2013) investigated communicated accountability by the UK faith-based charity organisations. The study focused on Islamic and Christian charities in England and Wales. Yasmin et al. (2013) took a number of charities as a sample and investigated their communicated accountability by applying two research methods: semi-structured interviews and content analysis. Their main finding was that there was limited communicated accountability practices by these charities, due to high trust by donors given to the charities and weak demand by other stakeholders. Internal issues within these charities that affect accountability such as internal expertise and the cost of accountability were also highlighted. Yasmin et al. (2013) acknowledge the study limitations as they interviewed only two stakeholder groups; trustees and preparers of Trustee Annual Reports (TARs) and analysed these reports in their second method. It was suggested further research should explore the view of the wider stakeholder groups to get their perception of accountability by faith-based charities.

#### 3.4.3.1 *Technical accounting issues*

The literature on Islamic accounting has shed light on a number of technical accounting issues that emerged by implementing conventional accounting techniques and methods in organisations that comply with *shariah*. For instance, Askary (2006) studied the accounting measurements from an Islamic viewpoint by applying Hofstede’s (1980) method. The study found that there were some accounting measurements that are irrelevant to the Islamic *shariah* as Islamic measurement reflects the optimistic value

rather than the conservative one. One of these irrelevant measurements to the Islamic accounting system was the historical cost, especially as it did not meet the *zakah* requirements.

Lewis (2001) advocates the adoption of the first approach mentioned earlier, due to the fact that some Islamic principles have a direct impact on accounting, such as *riba* and *zakah*. Also, Lewis (2001, p. 118) stresses that "property has a social function in Islam" and this function is *zakah*, which has economic goals as well as social (Lewis, 2001; Adnan & Bakar, 2009;). One of the economic goals is redistribution of wealth between the wealthy and the poor in the community. The second is reducing poverty in the community. One of the social objectives of *zakah* is to strengthen the relationships between people within the society.

The concept of *zakah* has its impact on their worship as well as on accounting in Islam, according to Lewis (2001, p. 123) "if the recognition of income earned were to be made on an accrual basis, the distribution of profit would require Islamic banks to advance cash from other sources before the liquidation of receivable accounts is made" so that cash from other sources before the liquidation of receivable accounts is made" so that is why "Islamic Banks usually adopt a cash basis rather than accrual for revenue and the recognition of income". Furthermore, Lewis (2001, p. 123) argues with regard to accruals concept and zakat stating that "the institution may pay Zakat for wealth not yet received".

Sulaiman (2003) studied the influence of two of these Islamic principles; *riba* (usury/Interest) and zakat on Islamic accounting by adopting a normative-deductive approach to illustrate how these two Islamic principles influenced accounting and required Islamic businesses to act accordingly. Regarding the principle of zakat, determination of wealth was considered to be one of the important issues in Islamic accounting; according to Sulaiman (2003, p. 12), "Zakat<sup>7</sup> is payable on growing capital". Besides, a clear definition for this "growth" was needed, was it a "revenue-expense approach" or "asset-liability approach"? Therefore, identifying the wealth that was subject to zakat was a debatable issue. In addition, the matter of asset valuation had a direct impact on *zakah*, as choosing the valuation method would affect the value of wealth subject to *zakah*; for instance, historical valuation or current, not to mention the technical issues associated with each method.

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<sup>7</sup> Another spelling for *zakah*

Lewis (2001) considered *riba* as one of the key factors that differentiate between Islamic accounting and conventional accounting. Sulaiman (2003) explains the importance of prohibition of *riba* in Islam as having two effects. The first one impacts on the capital structure of a company, as debt financing was forbidden in Islam; the second effect was on disclosure, as businesses had to disclose on any interest-based transactions, interest payments, and the reasons why the company engaged in such transactions. According to Kamla and Alsoufi (2015), Critical Muslim Intellectuals (CMIs) question and challenge the traditionalists' view with reference to *riba*. Furthermore, Kamla and Alsoufi (2015, p152) argue, “the limited and technical Islamic accounting agenda has ignored issues of poverty and environmental tragedies in the Muslim world and beyond”. These technical issues have their impact on accountability and its mechanisms from various dimensions such as reporting, disclosure and (religious) auditing, as illustrated in the following section.

#### **3.4.3.2 *Accountability mechanisms in Islamic organisations***

In this section, Islamic accounting literature is reviewed, and the main accountability mechanisms captured and discussed, not only in the charitable sector but also from different sectors and across different countries worldwide.

##### **3.4.3.2.1 *Corporate Governance (CG)***

One of the suggestions made by Gilbert et al., (2011) with regard to promoting accountability was multi-approach governance. This approach is concerned with governance, as they suggest the adoption of multi-stakeholder governance and multi-level governance in order to overcome problems associated with accountability standards. The argument for multi-stakeholder governance is attached to the legitimacy concept, as public deliberation has become a source of this legitimacy, which emphasises “inclusiveness of standards as well as their capacity to ensure free and equal discourses among participants” (ibid., p. 34). In terms of multi-level governance for the purpose of international accountability standards, Gilbert et al. (2011, p. 35) explain that it “enhances their transformative capacity by allowing for flexibility and adaptation. Real-life solutions to governance problem are often influenced by local particularities (e.g., religious norms) and thus cannot be approached through a one-size-fits-all regulatory mentality”.



There is a growing body of literature concerned with CG from an Islamic point of view; one of the early studies in this respect was by Gambling et al. (1993). In this study, self-regulation and external standard-setting were investigated in Islamic banks and British charities. The study illustrated the important role that Shariah Supervisory Boards (SSBs) play in the governance of Islamic banks and its focus to ensure the compliance of business activities with *shariah*. The researchers stressed the importance of members of SSBs to be aware of the implications of economic and financial implications of *shariah*, as they admitted that is not always the case. In another study, (Bhatti & Bhatti, 2010), developed their model for CG from an Islamic perspective. This was based on Islamic principles, namely: *shura* and *hisba* (accountability and religious audit). Choudhury and Hoque (2006), suggest a similar governance structure in Islamic organisations, with a *shariah* board at the top level of this structure, guided by the *tawheed* (unity of God) principle, to achieve the objectives of *shariah*. Also, this Islamic governance structure involves a shuratic (mutual consultation) process between different stakeholder groups, including the community.

Kamla et al. (2006) explain accounting for the environment in Islam by discussing the key Islamic principle that governs the relationship between Man and the environment. They start by exploring key Islamic concepts, namely: unity of God, trusteeship, community principles, holism and the future and finally, appreciation of the beauty of nature. From these principles, the researchers discuss the development of environmental accounting and conclude that “Islam has a deeply rooted concern with the environment from a holistic perspective” (ibid., p. 260). And that Islamic principles “have a general relevance in respect of concerns to govern our environment with its accounting implications” (ibid., p. 260).

While the above studies suggested an Islamic alternative to conventional CG, Iqbal & Lewis (2002) suggest a hybrid approach to governance that combines both the western approach that is based on standards and systems that are external to individuals and the Islamic approach that is based on morals and works as internal to the individual. This hybrid approach, Iqbal and Lewis (2002) believe, would enhance accountability.

#### **3.4.3.2.2 Corporate Social Responsibility (CSR)**

Kamla et al. (2006) articulate how some western companies tried to promote the Western Corporate Social Responsibility (CSR) to the Arab world while ignoring the cultural particularism which "highlights the imperialist and Eurocentric nature of these

promotions" (ibid., p. 261). One of the studies that shed light on CSR from an Islamic perspective is Dusuki & Abdullah (2007). The researchers advocated the *shariah* objectives (*maqasid al-shariah*) and public interest (*maslaha*) as the cornerstone for an Islamic framework for CSR in Islamic businesses. Based on Al-Shatibi's (a classic Muslim scholar) categories of *shariah* objectives, Dusuki and Abdullah (2007) introduced their model of Islamic CSR. While the *shariah* essentials (*daruriyat*) are set at the bottom of the pyramid, the complementary (*hajiyyat*) aspects are in the next level and embellishments (*tahsiniyat*) in the top level. The decision making process goes upward from the essentials of *shariah* objectives towards the embellishments.

Another study conducted by Hassan and Latiff (2009) investigated the current practices of CSR in business organisations and Islamic Financial Institutions (IFIs). Based on the empirical evidence from the literature, Hassan & Latiff (2009) developed their model of CSR which combines the notion of CSR in business and the charity value of IFIs, as they believe "Besides economic needs, social and spiritual needs should also be taken into consideration while addressing CSR. In the broader context the business organisation is an integral extension of the family and community." (ibid., p. 180. Hassan and Latiff (2009) suggested that Islamic charities should benefit from the commercial infrastructure in order to increase the flow of resources into the social sector, as there were no contradictions between improving competitiveness and bettering society. Basah and Nilai conducted a similar study (2013, p197) on the Islamic perspective of CSR and believed that Islamic CSR is based on five Islamic principles: *tawhid*, "According to this concept, God is the Creator, Owner and Source of all things and has entrusted mankind to use and manage all things wisely. In return for the use of the physical universe, mankind agrees to be accountable for how they use and manage the universe". The second principle is *shariah*, which, Basah and Nilai (2013, p. 200) argue "acts as an internal control over Islamic banks alongside secular legislation. Such internal control should make Islamic banks more sensitive towards CSR and environmental risk management than conventional banks."

Justice is another principle that is based on the idea of responsibility, as humans are responsible not only to Allah but also to all His creatures. Basah and Nilai (2013) introduced *zakat* as one aspect of Islamic justice towards the poor and the needy in society. Benevolence (*ihsan*) is another Islamic principle that develops the notion of Islamic CSR: according to Basah and Nilai (2013, p. 201) "The concept of benevolence in Islam complements the concept of justice in Islam". As justice is mandatory, *ihsan*

is beyond the mandatory and benefits people from actions by others with no obligation to do so. Also, Basah and Nilai (2013) believe that these principles should be practised in any Islamic organisations, as they distinguish Islamic banks' CSR from that of their conventional counterparts. "Importantly, Islamic principles must be translated into action and actual practice in Islamic banks' activity. If not, such principles and guidance become theoretical only." (ibid., p. 207). They also mention some empirical studies conducted on CSR in Islamic banks (Chong and Liu, 2010) which found no difference between

CSR practices in Islamic banks and their conventional counterparts. Basah and Nilai (2013) suggested more empirical studies to investigate CSR practices in Islamic banks.

#### ***3.4.3.2.3 Reporting and Disclosure***

Reporting and disclosure are seen as important to fulfil accountability from the Islamic perspective (Haniffa, 2004). The difference relies on the underlying principles of Islamic reporting and disclosure that are based on *shariah* (Haniffa, 2004). Based on this difference, Baydoun and Willett (2000) carried out a study that focused on Islamic corporate reports. They tried to identify the appropriate business reporting from an Islamic perspective by looking into the form as well as the content of financial information presented to the users. The disclosure criteria in Islamic accounting were taken as a point of departure for the analysis. These criteria were; "a form of social accountability "and "a rule of full disclosure". The researchers suggested an Islamic business should adopt Current Value Balance Sheet in addition to the conventional financial reports and Value-added Statement (VAS) instead of the income statement and for the purpose of full disclosure, cash flow statement should be included in Islamic corporate reports. Baydoun and Willett (2000) further argue for including other information related to Islam such as *zakat* and *qard* as the key difference between Islamic and conventional reporting, which rely on the disclosure issues, not the measurement ones. They also argue that Islamic corporate reports could include more information on the social cost and benefits created by the Islamic organisation. In addition, Baydoun and Willett (2000) address the question of how the charitable donations should be reported. They acknowledge the need for more studies to be conducted to solve several issues in Islamic accounting in terms of theory, by borrowing and examining the literature on social accounting as well as considering the Islamic

faith as a source of values and principles for what could be a radical alternative of Islamic corporate reporting.

In a later study, Sulaiman (2001) tested Baydoun and Willett's (2000) model empirically, using an empirical experiment. Sulaiman (2001) applied the test on final year accounting students in four universities; three in Malaysia and one in New Zealand. The study found little evidence in practice to support Baydoun and Willett's (2000) model of Islamic corporate reporting, as there was no difference between Muslims and non-Muslims in terms of accounting matters. Sulaiman (2001) suggested studies on Islamic corporate reporting that investigate the gap between theory and practice and also why this gap exists.

A later study conducted by Harahap (2003) in another Muslim country (Indonesia) found similar results that were in line with Sulaiman's (2001) findings. Harahap (2003) investigated the disclosure of Islamic values in the annual report by an Indonesian Islamic bank (Bank Muamalat). Employing a qualitative method; first Harahap (2003) compared conventional accounting disclosure requirements and AAOIFI requirements, then analysed the annual report of Bank Muamalat and compared it to the two mentioned requirements. The research argued that AAOIFI standards are not mandatory for Bank Muamalat, as it has to comply with the national Indonesian accounting standards that are based on conventional accounting standards. Harahap (2003) acknowledged that the disclosure requirements by conventional accounting do not contradict Islamic values. These requirements, the researcher explained, may differ in the level and extent of disclosure according to the Islamic perspective. Further, Muslim users of these reports need not only financial information but also information related to shariah compliance. The study found limited Islamic values were disclosed in the annual report of the studied bank. It also was found that the bank adopted the local regulations by the Indonesian central bank rather than standards and guidelines set by AAOIFI. Furthermore, Harahap (2003) addressed the debate over disclosure from the Islamic perspective in practice in two dimensions. Firstly, the researcher articulated that the items that should be disclosed in Islamic corporate reporting are still under debate, secondly; the volume of disclosure is still based on conventional accounting requirements. Harahap (2003) attributed the limitation of the findings to the sample limitations and its local boundaries and suggested more studies to be conducted in other countries.

A similar study conducted by Maali et al. (2006) investigated social reporting by Islamic banks as they developed benchmarks for social disclosure. Twenty-nine Islamic banks from different countries were taken as a sample to test their disclosure against the mentioned benchmarks. In addition, a content analysis was carried out to measure the volume of social disclosure that appeared in the reports of the studied banks. It is worth mentioning that Maali et al. (2006) investigated only social disclosure in annual reports and ignored disclosure in other forms, such as advertisements and websites. The benchmarks Maali et al. (2006) developed were divided into nine categories; Disclosure of *Shariah* Supervisory Board Opinion, Unlawful transactions, *Zakah*, *Qard Hassan*<sup>8</sup>, Charity and Other Social Activities, Employees, Late Repayments and Insolvent Clients, The Environment and Other Community Involvement Aspects. In general, the researchers found that only a small volume of social disclosure was reported by Islamic banks, as the social issue were not the central concern for most of them. Also Islamic banks that apply AAOIFI's Standards provided more social disclosure than other banks that did not comply with these standards.

Another study by Mirza and Baydoun (1999b) advocates the use of historical cost in Islamic businesses reporting as more reliable for Muslim societies, as this valuation method reflects the value of the asset at the time of acquisition. However, they suggest that Islamic reporting should include more details as it is based on morality, which should be reflected in more detailed and transparent reports and apart from the conventional reports; profit and loss, balance sheet and cash flow statements, social performance activities, *zakat* accounts and charitable contributions should be reported as well. Also Adnan & Bakar, (2009) point to the lack of comparability among Islamic businesses regarding reporting on *zakah*. Where it should be reported as an expense or as an ownership distribution, therefore, Adnan and Bakar (2009, p. 42) suggest the issuance of “‘Zakat Accounting Standards (ZAS)’ that may enhance comparability as well as assist auditing process of zakat accounts”. Othman & Thani (2010) developed a disclosure index for Islamic social reporting to measure the extent of social reporting in *shariah*-approved companies in Malaysia. The study adopted the content analysis method to measure the information disclosed in the annual reports in the mentioned Islamic businesses. The disclosure index was based on six themes: finance and investment, employees, society, environment, and corporate governance. Each theme

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<sup>8</sup> Benevolent Loan

was divided into number of sub-themes which comprised a total of 43 items. The study concluded that there was minimal Islamic social reporting included in the annual reports of the *shariah*-approved companies, which to some extent confirms other empirical findings from studies on the same topic.

#### **3.4.3.2.4 Auditing**

Social audit is seen as an accountability mechanism by which corporates can strengthen their accountability (Owen et al., 2000; Ebrahim, 2003a; Gilbert et al., 2011, p. 3). It refers to “the whole process by which an organisation determines its impacts on society and measures and reports the same to the wider community” (Owen et al., 2000, p. 85). Abdel Karim (2007) compared the level of independence of external auditors and the Shariah Supervisory Board (SSB) in a number of Islamic banks. He introduced the SSB as one of the characteristics of Islamic Banks. El-Ashker (1986) (cited in Abdel Karim (2007)) stated the functions of SSB as: ex ante auditing, ex post auditing and calculation and payment of *zakat*. These functions distinguish religious auditing in Islamic banks from its conventional counterparts. Abdel Karim (2007, p. 39) sheds light on the unsuitability of conventional auditing codes of ethics for religious auditors as the former are "guided by moral beliefs and obligations". As SSB is considered as in-house auditing, it differs in its functions, which require different organisational relationships. Also the commitment of SSB, according to Abdel Karim (2007) is to the community. Further, SSB focuses mainly on the compliance with *shariah*, while conventional external auditors focus on compliance with accounting regulations and the economic situation of the business.

From the above discussion, it can be concluded that Islamic businesses have their own arrangements, in terms of auditing, as SSBs achieve different goals and focus on different objectives than conventional auditing does. It is worth mentioning that Abdel Karim's (2007) study relied on textual analysis only and there was no empirical evidence in support of these findings. In the Islamic business field, it is important to deal with in Islamic law as mentioned earlier and in order to ensure that religious audit is used as a tool to show this compliance with *shariah* for both insiders and outsiders of the business (Bhatti & Bhatti, 2010). According to Abdul-Rahman (1998, p. 67) "religious auditors focus on the institution's adherence to Islamic precepts to ensure its Islamic constituents that the report reflects a genuine commitment to Islamic principles."

### **3.5 Conclusion**

The literature has shown the importance of studying accounting in its social context and the importance of notions like particularity, difference, power and the spiritual dimension, as well as the engagement of spiritual principles in accounting. Most of the literature has explored, described and investigated technical accounting issues and how they are practised in ROs and neglected the broader view of the interaction between accounting and its social and spiritual context. In addition, most of the Islamic accounting literature seems to adopt a positivist position with special focus on the informational perspective, while the critical approach seems to attract few researchers. Moreover, the lack of empirical evidence that bridges a strong linkage between theory and practice is noticeable in the Islamic accounting research in particular.

Kamla (2009) explored the potential of Islamic accounting research towards emancipatory accounting projects by adopting a critical approach. The researcher found that there was a shortage of engagement from Islamic accounting researchers with critical accounting research towards enabling praxis. In addition, Kamla (2009) highlights the “contradictions between the ethical claims of these manifestations and their actualities”. Kamla (2009) thus calls for a radical change in order to shift the Islamic banking and accounting focus from the traditional technical issues, such as interest prohibition to more ethical emphasis towards social justice, for instance. Similarly, Napier (2009) argues the limited impact of the prescriptions that are injected in the modern Islamic accounting research in practice.

From the literature reviewed in this chapter, there is also a lack in studies that have been conducted to explore and investigate accountability in action in the Islamic charitable sector as the most attention was paid to the Islamic banking and finance sector. Another finding in the literature is the focus on short-term functional accountability rather than strategic accountability. The literature is concerned with disclosure statements and reporting mechanisms and has neglected other accountability mechanisms, such as performance assessment and evaluation (Ebrahim, 2003a). In addition, another issue to note is the lack of empirical studies that show the case of downward accountability to customers or beneficiaries practised by Islamic organisations, especially the Islamic charity sector.

The studies investigated annual reports using the same methods, but did not investigate if there were any forms of accountability existing outside annual reports e.g. oral reporting. The interview research methods used in previous studies gave voice to

dominant stakeholder groups/management and seemed to neglect the marginalised. The majority of the literature focused on the whole Islamic community (*umma*) but not the needs of local Islamic communities, which seem neglected. Moreover, a voice was given to the dominant Islamic banking and finance practices and ignoring other sectors, in particular, the Islamic welfare charity sector. There is also a gap in the literature in terms of studying accountability in action; accountability practices informed by Islamic values, accountability mechanisms adopted by Islamic charities and perception of different stakeholder groups, particularly marginalised groups. Moreover, attention was paid to the role of accounting and its functions but was not given to how accountability can be inspired by these organisations' values and practices. Moreover, the majority of studies were compared to conventional accounting practices/standards, while the non-western context seems to be neglected, marginalised, or attracted less attention. Generally, there are two trends in Islamic accounting literature: one focuses on and studies technical issues resulting from applying conventional accounting techniques and policies in Islamic organisations or businesses; the second trend gives more attention to the theoretical issues that Islamic accounting should/could have, based on several Islamic principles. There is, however, neither agreement on certain principles nor on how these principles could be applied. In addition, most of the literature, attempts to fit the conventional accounting tools to serve Islamic principles and goals, while undermining the possibility of extracting tools and techniques from these principles and values that can achieve Islamic goals (*shariah* purposes). Based on the above arguments, the researcher aims to conduct a study in the Islamic charitable sector in Scotland. Further, the adoption of a critical postmodern approach may enrich the study and shed light on this approach in the Islamic accounting field. Therefore, the contributions this study intends to make are in three main areas: firstly, in terms of context, as Islamic charity in Scotland has attracted less attention (if there was any); secondly, in terms of empirical work, as it intends to expand content analysis to go beyond annual reports and websites to other documents; and lastly, in terms of its theoretical framework (a critical and postmodern approach).



## **Chapter 4: Reflections on Islamic Accounting, Auditing and Accountability**

### **4.1 Introduction**

Religion can inspire accountability as being an empowerment and emancipation tool in the community that can promote justice, equality and fairness. (Gallhofer and Haslam, 2004; Lehman, 2004; Kamla, 2009; Molisa, 2011; Kamla 2015). Jayasinghe and Soobaroyen (2009) shed light on accountability in a non-western context in religious organisations, as they studied the mechanisms, systems and implementations of accountability in two religious organisations (Hindu and Buddhist) in two different countries (Sri Lanka and Mauritius). The data was collected from two in-depth case studies and analysed by grounded theory methods. It was found that the religious spirit in these societies is an important part of accountability systems as the “rational accountability mechanisms were sacredised by the Buddhist and Hindu religious spirit and subsequently, the accountability systems and religious activities both were influenced by the structural elements of trust, aspirations, patronage and loyalty, social status, power and rivalries.” (ibid., p, 1021).

Similarly, Islamic principles, according to Kamla et al. (2006, p. 260) could challenge Western accounting. They suggest new ways forward, as the exclusion of Islamic and cultural particularism and promoting western practices in Arab countries is seen as a form of imperialism. These Islamic principles go beyond governing the relationship between God and individuals to the relationship between the self and the other(s) and “constitute a love of nature, and of people: the self and others, and an awareness of the importance of balance and the need to take reasoned actions to preserve this balance” (Kamla et al., 2006, p. 262). This reflects the importance of these principles in everyday life of Muslims as individuals as well as businesses (Lewis, 2001). Therefore, these principles also differentiate Islamic charities from their non-Islamic counterparts, for which the next sections will develop this Islamic particularity.

Furthermore, from the two previous chapters, it can be observed that there is a consistency between main Islamic concepts and critical and postmodern concepts, apart from what has been mentioned with regard to Unity of God, which, however, is similar to the modernist concept of central reality, and conflicts with the postmodernist concept of hyper-reality. Moreover, the Islamic principle of Unity of God extracts the concept of continuity, as there is life after death (Leaman, 1999, p. 30). This has its implication

in terms of accountability, as conventional accountability is concerned with only this life while Islamic accountability is based on a belief in life after death, which reflects the concept of continuity for postmodernists. In addition, the Unity of God reflects the diversity and difference of His creations with equality.

#### **4.2 Charities: their scope, motivation and objectives**

For Connolly and Dhanani (2009, p. 9), “charitable organisations play a significant and vital role in society, often serving and helping those who are most disadvantaged, marginalised or helpless, and increasingly delivering public services to tackle social exclusion”. Further Palmer and Vinten (1998) claim that charities’ role in the UK has changed, as delivering welfare services as a right was replaced by the notion of delivering these services as a gift. Islamic charities are different to their western counterparts in terms of goals, sources, and other aspects. For instance, Connolly and Dhanani (2009, p. 9) point out that National Lottery is one of the sources of funds for charities in the UK. This might be seen as contradicting *shariah*, and should not be the case in Islamic charities in the UK; therefore, according to *shariah*, Islamic charities in Scotland should not rely on this source and should disclose information on their funding sources and how they are used to the community.

##### **4.2.1 Islamic charities**

Religious organisations (such as religious charities) generally, are unusual in their complexity, as Basri and Khalid (2012) argue, as their founders are usually individuals who believe in religious purposes more than following man-made regulations. Further, Basri and Khalid (2012, p26) claim that the evaluation of such organisations’ level of accountability is difficult, as the “work and output of such organisations deals with issues concerning the soul, which is not easily measured”. This sheds light on some differences related to accountability in religious organisations and their secular counterparts. Islamic charities also have their own forms and scope, which serve particular purposes, and use specific tools and mechanisms, as elaborated in the following section. In this respect, Singer (2013, p. 354) asserts that historical Islamic charity practices adapted to local conditions and local communities. Further, for Bremer (2004, p. 3), "indigenous philanthropy, from private individuals and corporations, is,

therefore, critical to the development of civil society", as this kind of private charity, for Bremer (2004), is not linked to any elite.

Islamic charities' practices are, however, affected by politics in different dimensions; used by some Islamic movements and parties for political purposes; and some western press reporting has linked them with terror, as well as some western regulations (American regulation post 11 September 2001), which also reduced the level of donations (Singer, 2013). Over time, Islamic charities have changed and have taken new forms. Their scope has broadened (Bremer, 2004), as their objectives go beyond economic help for the poor and needy to challenge the inequality in society and helping in meeting the emerging needs, supporting reforms "and providing channels for local solutions to local problems" (ibid., p. 8). In addition, they can act as promoters of decentralised development and just and fair society (Bremer, 2004, p6; Alam, 2010). Further, the role Islamic charities play in their community is broader than the narrow economic help to engage in the improvement and empowerment of society in all level and aspects of life; economic, social and political levels. Clark (2004) argues that Islamic charities are involved in strengthening middle class and women's movements. The charitable sector in Islamic communities has attracted media attention in the early twenty-first century (Singer, 2013). In Islam, giving "has been and continues to be an important factor in shaping Islamic societies and cultures. Without an appreciation of this fundamental aspect of Islam, it would be difficult to have a full understanding of Islamic societies, either in the past or in the present." Bremer (2004, p. 8)

Islamic charity practices, however, differ from one Islamic community to another (Alam, 2010); as such, the scope of this thesis, as stated elsewhere in previous chapters, is Islamic charities in Scotland. From the researcher's point of view, a number of key Islamic principles are consistent with a critical and postmodern approach that could promote an emancipatory accountability project in Islamic charities in Scotland. In general, there is a shortage of studies exploring and challenging the status quo of accountability mechanisms adopted by charities to discharge their accountability to the wider community. Mainstream literature focuses mainly on one or two mechanisms; reporting and disclosure (in annual reports and websites), (e.g. Connolly and Dhanani, 2009; Crawford, et al., 2009), Annual Reports and annual reviews (Jetty & Beattie, 2009), or Trustee Annual Reports (e.g. Yasmin et al., 2013). Furthermore, previous literature was concerned with the compliance of the charitable sector accountability

with regulation and/or compared to “best practices” that are in line with pre-set standards.

There are different types of charity in Islam e.g. *zakaht*, *sadaqa*, and *waqf*. These types are different in, purpose, scope and motivation. Generally, Islamic charities fall into one of two categories; *waqf* and *zakah* charities. The oldest and most important Islamic form of charity is *waqf* (Bremer, 2004). According to Bremer (2004, p. 8), *waqf* charity “manages charitable resources contributed by a single individual (or, more rarely, a family), contributed either during his/her life or as part of a bequest. Some *waqf* are dedicated to a specific purposes or set of purposes, such as funding a mosque or hospital, while others serve more divers purposes, including supporting the donor’s family”. The second category of Islamic charity is a *zakah* fund which, as Bremer (2004, p. 8) explains:

"Solicits and collect gifts from many individuals and then aggregates these funds for charitable purposes. The resulting funds are often on-granted directly to needy individuals, to non-profit organisations that deliver services to the poor or provide other social services, or to other appropriate recipients. Some funds, by contrast, establish and operate such services delivery organisations themselves, such as hospitals, or schools" (ibid., p. 8)

There are eight categories for recipients of *zakat* according to Quran, as stated by Singer (2013, p 345): the poor and indigent, the *zakat* collectors, and those whose hearts need to be reconciled to Islam, and used to ransom slaves, to rescue debtors, to support those "in God's way," and for the traveller. According to Singer (2013), there is an on-going discussion among some Muslim scholars regarding the possibilities of expanding the interpretation of these categories; for instance, an expanded interpretation of ‘in the cause of God’ to include training teachers and ‘travellers’ to include refugees. This also has its implication in the charitable sector in Scotland and how funds are collected from *zakat* sources are allocated and distributed.

*Zakat* is another key Islamic principle that was discussed in the literature, and is consistent with postmodern concepts, for instance, the different standards of *zakat* that reflect difference and hyper-reality accounting practices. As Sulaiman (2003) argues, the wealth subject to *zakat* is still debatable. Adnan and Bakar (2009) also a found different treatment of *zakat* between AAOIFI Standard no 9 and Technical Release i-1 by the Malaysian Accounting Standard Board (MASB), this difference was reflected in

definition and recognition as well as measurement or determination of *zakat*, as argued in Gambling and Karim (1986, p. 43) regarding the valuation of (zakatable) capital by current cost accounting or historical cost accounting. “Socially, both obligatory *zakat* and voluntary *sadaqa* contribute to the solidarity of the Muslim community (*umma*) and are intended to strengthen individual communities and their collective well-being (*maslaha*). However, early Muslim usage established a distinction between the two.” (Singer, 2013, p. 346)

Moreover, there is another issue that relates to collecting and distributing of *zakah*, as Benthall (1999) explained that the national states incorporate *zakah* differently as; Pakistan and Sudan incorporated *zakah* completely, Morocco and Oman left it to individual’s private conscience while in Jordan local *zakah* committees are allowed to collect and distribute *zakah*. This matter may raise the question of locality in terms of collecting and distributing *zakah*, and also raise the question as for where does the national state fit in Islamic principles? Has it replaced the principle of spiritual *umma*? In addition, this raises questions of the beneficiaries or receivers of *zakah* as specified in Quran (Gambling and Karim 1986, p. 43).

### **4.3 Shariah**

For Moad (2007), translating *shariah* as a law is as confusing and misleading just as translating "law" as "western *sharaih*". The failure of standardisation and codifying *shariah* (especially in accounting) reflects the level of subjectivity and the dynamic of such issues through time and space. In addition, the continuous debate over *shariah* sources (such as *qiays* “analogy” and *ijtihad* “struggle”), as explained earlier in Chapter Two, gives it the level of subjectivity and difference. In addition, the different views of early classic Muslim scholars on various matters of *shariah*, such as the four Islamic *sunni* schools might stand against the modernist idea of standardisation and meets with postmodernists on their hyper-reality concept. Taking the holy fasting month (Ramadan) as one example of this difference in interpreting *shariah*, although Ramadan is a reality Muslims believe in, it still has different starting and ending dates in different countries, according to the lunar calendar (e.g. last Ramadan 2016) see also Saksono (2007). There is a debate on whether it is acceptable to use technology or just the human eye to observe the start and end of the month (Saksono, 2007). Also, the experience of fasting during the month is different from country to country for several reasons: for

instance, Muslims in Europe fast longer hours than other Muslims in other countries, due to the fact that Europe is closer to the Arctic circle (Euronews, 2013).

In terms of accounting, there are also different interpretations of *shariah*: for instance, Harahap (2003, 70) criticised AAOIFI, as its standards are based on capitalistic accounting. In addition, the different treatment of *zakah* in AAOIFI and other *zakah* standards is another debate on standards and interpretation (Sulaiman, 2003; Adnan and Bakar, 2009). *Shariah*, for Haniffa and Hudaib (2007, p99), is “concerned with promoting justice and welfare in society” which is also in line with critical and postmodern notions of betterment and emancipation from oppression. *Shariah*, for some researchers (Inayatullah & Boxwell, 2003), is a problem-solving methodology rather than as a set of laws and fixed standards, while some (Tomkins & Karim, 1987, p 113) advocate the dynamic aspect of *shariah*, which “must be interpreted in the light of modern day circumstances”. Furthermore, *Shariah* is also seen by Haniffa and Hudaib (2002) as addressing three interrelated dimensions; the fulfilment of the rights of Allah (*huqu-Allah*), the fulfilment of the rights of the Islamic community (*Huqu-qul ibad*) and the fulfilment of the rights of the self (*haqu-qul-shakhseea*). Therefore, *shariah* should challenge injustice even if it has resulted from a practice in the name of *shariah* itself. In this respect, Kahf (2004) criticised the power alliance has emerged between scholars in *shariah* committees and bankers and politicians in the Islamic finance and banking sector to legitimate practices. In addition, *shariah* is seen as a principle that should drive reporting practices and ensuring a balance, in terms of wealth allocation, between the self and the other. Taking care of the other refers to not only human beings and goes beyond humans but also the environment and other creatures of God (Haniffa, et al., 2004; Kamla et al., 2009). This should be reflected in adopting different accountability mechanisms such as reporting, consultation, two-way dialogue with the wider community.

#### **4.4 Khilafah (trusteeship)**

This Islamic concept of *khilafah* (trusteeship) is related to the key Islamic concept, which is unity of God. The concept of *khilafah*, according to Abdul-Rahman and Goddard (1998, p.189) means “that Man is a trustee on this earth and this requires him to act as a guardian and deputy of God in dealing with the universe and its environment”. This *khilafa* makes mankind responsible and accountable to Allah (Haniffa et al., 2004, p. 8). From this concept, another concept was developed which is

the concept of *taklif* (accountability). Abdul-Rahman and Goddard (1998) identify accountability in Islam thus:

“One must accept all the duties and liabilities as well as the benefits of any ownership or responsibility entrusted unto them. However, neither the prophet nor other humans have the right to decide what is right or wrong, or to define the rightful behaviour in life. If Man uses his will and ability for any purpose other than those for which they were created he will have failed in his responsibility, violated the honour of his duties and missed the purpose of his existence.” (ibid. p. 190)

The *khalifah* concept has its accountability implications, which Kamla et al., (2006, p. 256) elaborate as entailing that Muslims as “trustees may themselves benefit from their being required to disclose consistent with accountability inspired by Islamic sense of morality and responsibility”. This responsibility is reflected in the relationship of looking after the self as well as the others, incorporating values such as justice and truth (Kamla et al., 2006, p. 251). To this research, this concept emphasises Islamic charities' objectives of looking after the needy and empowering the community. This care of the other could be reflected in consulting them and give them a voice in decision-making processes, as well as informing them on all aspects of the charity's activities, including performance, fund sources, expenditure, employment and recruitment and volunteering. The rights of the *umma* should be fulfilled by charities, as they have the right to know, as well as be consulted in matters affect them.

#### **4.5 The Concept of Ummah (community)**

In the literature reviewed in Chapter Three, the concept of *umma* was illustrated as one of the key Islamic principles, which and cannot be neglected in business arena; as Haniffa et al., (2004, p. 9) argue: "Islam gives preference to the needs of the Ummah over those of the individuals" , and for Hassan and Latiff (2009, p. 177), the Islamic commitment to this principle obligates businesses to take care of the needs of the society. Other researchers (e.g. Inayatullah & Boxwell, 2003) go beyond the Islamic *umma* to include all oppressed and justice-seeking people in the scope of the meaning of *umma*. Under this concept "there is a notion of developing the community to the highest point that is sustainable. There is enhancing, or cultivating, as well as safeguarding" (Kamla et al., 2006, p. 252). There is also the awareness of otherness and the community: "the Muslim is not to be free from care for others" (Kamla et al., 2006,

p. 253) also fairness and honesty towards others (see Lewis 2001, p. 108). The *umma* concept could be seen and applied at the micro and local level to business, in this case, charities, and therefore, as the concept could be seen by an Islamic charity in Scotland as Islamic *umma* as a whole at the macro level, as the local community it operates within and wishes to serve and empower. The local community consists of volunteers, donors, and the marginalised and disadvantaged and employees. For instance, Kamla et al. (2006, p. 253) explain the emphasis on treatment of employees thus: “Islam’s community principles give some emphasis to how employees are treated by their employers and thus the nature of their working conditions”.

In the literature, the concept is discussed in theory, but in practice nowadays, the national community is favoured over the spiritual community (Inayatullah & Boxwell, 2003). The Muslim community these days lives in different political, social and economic circumstances. Therefore, Muslims are not treated the same as members of the same *umma*, but rather treated as members of (other) national *umma(s)*, in terms of such aspects as visas, work, benefits, regulations, business. Consequently, one could argue that the Islamic concept of *umma* cannot be applied in its general meaning ignoring the current situation in the Muslim world, as organisations generally are accountable to their national communities, which reflects the concepts of locality, particularity and fragmentation in postmodernism. This suggests applying these Islamic principles on the local level rather than to the whole *umma* that has different needs and different priorities and objectives to achieve. Islamic communities suffering from hunger in Somalia have different priorities from Islamic communities in the United Arab Emirates, which accommodates international trade and Qatar which plans to host the world football cup. These different legal, economic, and social circumstances of Islamic communities are reflected in the tools and mechanisms they have to achieve the goals they set.

#### **4.6 Shura (consultation, participation, and engagement)**

The *shura* principle was introduced in the Islamic accounting literature in different terms, and incorporated with different aspects of CG, and accountability. The shuratic process of accountability would construct equality in decision making and shared concerns and responsibility in the wider community in different life aspects. In addition, *shura* is an accountability mechanism that enables and empowers different stakeholder groups to practise accountability through participation. As Ebrahim (2003, p. 818)



explains: “participation involves consultation with community leaders and members”. Furthermore, management can no longer legitimate accountability practices that do not comply with *shariah* (Iqbal & Lewis, 2002), and the disadvantaged should be able to challenge the power relations at all levels in the organisational context. Iqbal and Lewis (2009, p. 261) make the linkage between this participation through consultation, and Islamic theology as “those who wish to serve Allah must ensure that their conduct in life is open and determined by mutual consultation between those entitled to voice”. Bhatti & Bhatti (2010, p.) share this viewpoint, as they claim that *shuratic* “procedures apply to all who are affected (e.g., shareholders, suppliers, customers, workers, and the community at large). The starting point and ultimate end of all business, economics, and human activity is to please God”. Further, business can meet Islamic moral values by adopting *shura* in the decision-making process (Abdul-Rahman, 1998, p. ) and this involvement in decision making should be applied to all levels and on all business matters as “it is not appropriate for one person to look at only the benefits to be accrued by other individuals in making a decision. Even prophet Muhammad consulted his companion on community-related matters and consented to decisions that contradicted his own opinion”.

Abdul-Rahman and Goddard (1998) found different practices of *shura* in different Islamic organisations: while organisation one gave minimal authority to the accountant in financial decision making; other organisations gave some authority. These practices, according to the researchers, had their effect on the accountability structure and processes in these organisations. From the discussion above, the *shura* principle could be considered as an empowering accountability mechanism for the marginalised and for the whole local community and a vehicle for justice, betterment and emancipation. In saying so, one also has to shed light on some current practices of *shura* reviewed in the literature, for instance, Osman (2010) argued for local level consultation, engagement and planning regarding *waqf* charity management in Malaysia instead of at the national level.

#### **4.7 Hisba and social audit**

Another Islamic concept explored in the Islamic accountability literature is *hisba*. According to Iqbal and Lewis (2009, p. 263) this was established in the Abbasid era (750 CE onwards) “to ensure compliance with the requirements of *shariah*”, and it is, for Abdul-Rahman (1998, p. 63), “an institution where there is a divine code of

approved social behaviour in a community". The *hisba* concept has not only economic but also social dimensions, as Murtuza (2002, p. 3) explains that "through *hisba*, the Islamic prohibition against unlawful profit and exploitation turns into not just an exhortation but also a means to "enforce" and "regulate."". Murtuza (2002, p. 3) believes that, generally, *hisba* is seen as "an institution to control exploitation and promote accountability". A person who is conducting *hisba* is called a *muhtasib*, and his/her role in prompting accountability, according to Kamla et al. (2006, p257) "was not limited to technical and financial traditions. It was a social role, whereby the *Muhtasib's* accountability extended to making sure that Sharia's social rules in respect of Umma's welfare and interests were enforced and complied with". Furthermore, a *muhtasib* in Islam protects the community by preventing harmful activities by business. Nevertheless, several questions could be asked here in this respect e.g. is it an internal principle conducted by the organisations, e.g. Islamic charities, or external to Islamic organisations conducted by "public" authorities? Is it conducted by local people or nationally appointed employees?

From the literature, there was no empirical evidence that elaborated *hisba* practices by an Islamic organisation, specifically, how it promotes accountability. In the Islamic business field, according to Bhatti and Bhatti (2010), it is important to deal with *shariah*, as mentioned earlier and in order to ensure that religious audit is used as a tool to show this compliance with *shariah* for both insiders and outsiders of the business. *Hisba*, from the researcher point of view, should be conducted by local auditors (a committee) from the community itself, including imams, accountants, finance providers, management, scholars, funders, beneficiaries, who are fully aware of the issues surrounding the charity. The *muhtasib*, should be aware of the his/her role and have the necessary knowledge to conducted it rightly and report to the *umma* for further consultations with community representatives (committees). Then publish it to the public, e.g. through websites and social media, Thus, the study will investigate how *hisba* principle, among other Islamic principles, could be practised by Islamic charities in Scotland as an accountability mechanism, and to what extent this could lead to enabling Islamic accountability practices in the Islamic charitable sector in Scotland.

#### **4.8 Performance evaluations**

In general, according to Crowford et al. (2009, p. 29), "the demand for performance-related information by charitable organisations has increased over the past twenty

years". Performance measures and indicators also include a level of subjectivity and exercise of judgement (Crowford et al., 2009, p. 27). Performance accountability, according to Stewart (1984), is concerned with the achievement of standards, goals and objectives. In addition, Hyndman (1990) found that information related to performance was seen as most important to some stakeholders of charities, especially non-financial information. A later study conducted by Connolly and Hyndman (2003) found a lack of performance information disclosure by charities, and charities, therefore, failed to discharge their accountability to their external stakeholders who are interested in this information. These studies showed empirical evidence of performance information as an important accountability mechanism in the charitable sector.

Information about achievements and performance of charities is one of the requirements of Statement of Recommended Practices (SORP) by the Charity Commission, 2005). Therefore, Islamic charities are expected to provide this information and obey the laws as long as it does not contradict with *shariah*. If it contradicts with *shariah*, Islamic charities should also provide information about this: why it is seen as against *shariah* and what were the consequences for the charities when they do not obey the laws. In addition, performance evaluations and indicators can be achieved by engaging the community and adopting *shariah*, for instance, *qyas* and *ijtihad* within the charity. In Quran and *sunnah* there might be general guidelines, such as honesty and fairness, but more specific information regarding disclosure of charity performance should be of concern to the Islamic charity, and also incorporating other accountability mechanisms such as *hisba* and *shura*.

#### **4.9 Conclusion**

Islamic accountability should take the *shariah* objectives as a point of departure towards developing charitable practices which comply with *shariah*. As Gambling and Abdel Karim (1991, p. 103) argue, "The conceptual framework of accounting currently applied in the West finds its justification in a dichotomy between business morality and private morality. As such, it cannot be implemented in other societies which have revealed doctrines and morals that govern all social, economic and political aspects of life". Indeed, the differences between Islamic accounting and conventional accounting start from the different objectives and apply these to concerns and assumptions.

This study intends to assess accountability practices currently in place in Islamic charities in Scotland. In addition, the study attempts to identify accountability

mechanisms currently used by these charities. Moreover, based on the theoretical position of the study that was identified in Chapter Two, the intent is to go beyond exploring these mechanisms and best practices to suggest improvement and betterment of these practices, where possible.

The literature review studied Islamic business practices in non-Islamic business environments and /or compared it to other practices, which compare the self to the other, not to what the self should be. Some of these studies promoted standardisation of Islamic principles for the whole Islamic community (*umma*), but still different practices exist (Adnan & Bakar, 2009), even on the national level (Hidayatul, et al., 2011). The literature also showed the gap between the theory and practice of accountability in various Islamic organisations in different countries and different sectors. In addition, it could be argued that in the literature studies reviewed there was little engagement in studying local communities and exploring their perception on the accounting practices investigated and where these principles fit in, and whether different (national) communities have different priorities and objectives. In addition, the literature promoted some Islamic principles that should be adopted in conducting business, but there was a shortage of empirical evidence of how these principles were incorporated into practice. Lunn (2009, p. 948) argues that the religions' influence varies in communities and localities, which reflects the difference in the practice of religion, and Islam no exception. One should also delineate the particularity of the Islamic community, as it has its own arrangements, as it is expected to incorporate Islamic values on all levels: personal as well as collective practice. Meanwhile, this community lives in a Western country as a minority.

The implications of incorporating these Islamic concepts as accountability mechanisms and a vehicle of promoting accountability can help Islamic charities to perform in compliance with *shariah* in terms of the accountability process, accountability relationships, forms and discourse. Consequently, they can empower the lost voices of stakeholder groups and empower the community in order to demand accountability and engage in the accountability process. The adoption of these concepts would also emphasise the identity of these charities within their local communities, which would promote accountability that meets the Islamic requirements and the needs of the *umma*. Adopting the critical and postmodern approach will give voice to religious charities, as they have been kept marginalised in the NGO accountability literature (Lunn, 2009, p. 942). Moreover, the goals of Islamic charities are consistent with most critical and

postmodern concepts, focusing on the poor, equality, lifting the needy, bettering life of the community and empowering people. As postmodernists suggest: celebrate the difference, focus on the local and the particular in order to challenge the status quo and promote the better. By adopting this view, this study can promote changing practices in Islamic charities in Scotland, not only explain to them as they are.

## **Chapter 5: Research Methodology and Methods**

### **5.1 Introduction**

This section discusses the methodological framework of the study. It mainly discusses and reviews Burrell and Morgan's (1979) paradigms and the critique of these paradigms and explains the research methodology and methods of the study. The insights the researcher gains depend on his or her choices of research methodology. As Laughlin (2007) argues:

“Choices have to be made as to which research approach to adopt and a simple amalgamation of the insights from all research approaches in the hope that this will discover absolute truth is misguided. The latter is because of the mutually exclusive nature of many of the ‘higher level’ assumptions of different research approaches. Choices are complex but once made in an informed way, they create, or should create, wholehearted commitment to the value of the approach as well as the insights forthcoming.” (Laughlin, 2007, p. 285)

Choosing between qualitative and quantitative methodology depends on the overall assumptions of the study; its form, focus and emphasis. Chua (1986) perceived that philosophical assumptions about “scientific” explanation influence the choice of research methods. In the next section, Burrell & Morgan's (1979) classification is discussed, in which they identified four sociological paradigms based on a number of core philosophical assumptions, in order to conceptualise social science.

### **5.2 Philosophical assumptions**

These four philosophical assumptions which are the foundation block for Burrell and Morgan's (1979) framework, are related to ontology, epistemology, human nature and methodology, as explained in the following section.

#### ***5.2.1 The nature of social science***

Burrell and Morgan argue that “all social scientists approach their subject via explicit or implicit assumptions about the nature of the social world and the way in which it may be investigated” (ibid. p. 1). These assumptions about the social world are categorised into three sets of assumptions, about ontological nature, about epistemological nature and about human nature.

### **Assumptions about ontological nature**

According to Burrell and Morgan, social scientists “are faced with the basic ontological question; whether the ‘reality’ to be investigated is external to the individual- imposing itself on individual consciousness from without- or the product of individual consciousness; whether the ‘reality’ is of an ‘objective’ nature, or the product of individual cognition; whether ‘reality’ is a given ‘out there’ in the world, or the product of one’s mind” (Burrell and Morgan, 1979, p. 1). Depending on the researcher’s choice and ontological belief, the research would adopt either the objectivist or subjectivist approach. These choices will later influence the research methods as well.

### **Assumptions of epistemological nature**

For Burrell and Morgan, these assumptions are “about what forms of knowledge can be obtained, and how one can sort out what is to be regarded as ‘true’ from what is to be regarded as ‘false’ .... It is possible to identify and communicate the nature of knowledge as being hard, real and capable of being transmitted in tangible form, or whether ‘knowledge’ is of a softer, more subjective, spiritual or even transcendental kind, based on experience and insight of a unique and essentially personal nature” (ibid., pp. 1, 2).

### **Assumptions of human nature**

Since the subject and object of inquiry is the human life, according to Burrell and Morgan (1979), social science must be predicated upon the assumption of the relationship between human beings and their environment

### **Assumptions of methodological nature**

Burrell and Morgan elaborate that “different ontologies, epistemologies and models of human nature are likely to incline social scientists towards different methodologies.... It is possible, for example, to identify methodologies employed in social science research which treat the social world like the natural world, as being hard, real and external to the individual, and others which view it as being of much softer, personal and more subjective quality.” (ibid., p. 2)

### ***5.2.2 The nature of society***

Based on the arguments about the order-conflict debate, Burrell and Morgan (1979) suggest a new distinction between two sociologies, which is the regulation vs. radical

change distinction. The term ‘sociology of regulation’ refers to “the writings of theorists who are primarily concerned to provide explanations of society in terms which emphasise its underlying unity and cohesiveness. It is a sociology which is essentially concerned with the need for regulation in human affairs.” (Burrell & Morgan, 1979, p. 17). Burrell and Morgan (ibid., p. 17) explain that “the ‘sociology of radical change’ stands in stark contrast to the ‘sociology of regulation’, in that its basic concern is to find explanations for the radical change, deep-seated structural conflict, modes of domination and structural contradiction which its theorists see as characterising modern society. It is a sociology which is essentially concerned with man’s emancipation from the structures which limit and stunt his potential for development”. The paradigms are based on the previously discussed philosophical assumptions. The term ‘paradigms’ is used to “emphasise the commonality of perspective which binds the work of a group of theorists together in such a way that they can be usefully regarded as approaching social theory within the bounds of the same problematic.” (ibid., p. 23). Figure (1) below shows the four paradigms that Burrell and Morgan (1979) suggest.

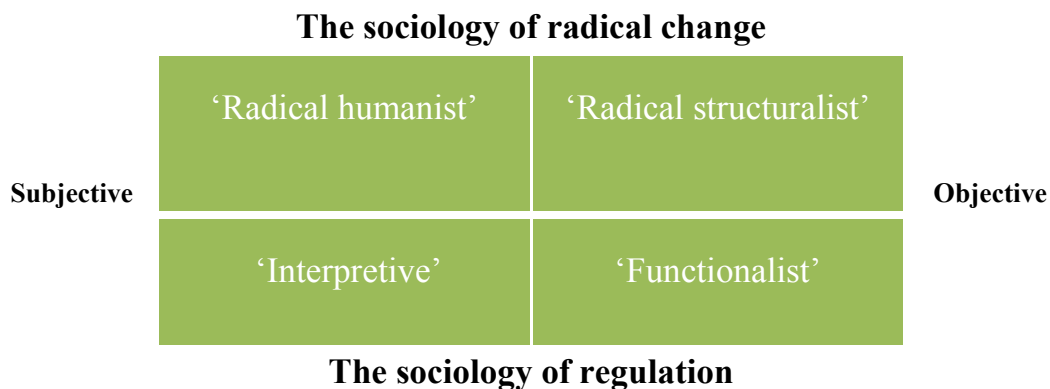


Figure 2: Sociological Paradigms from Burrell and Morgan (1979)

It is important to note,

as Burrell and Morgan put it, that “the definition does not imply complete unity of thought. It allows for the fact that within the context of any given paradigm there will be much debate between theorists who adopt different standpoints” (ibid., p. 23), which leaves the idea of paradigms and related dimensions open to more debate and critique.

### 5.2.3 Critique of Burrell and Morgan’s model

There are some criticisms that have been made by different researchers about Burrell and Morgan’s (1979) framework and their sociological paradigms. In this section, some of this critique is drawn from accounting researchers, such as Chua (1986), and Laughlin (1995). According to Deetz (1996), “the dimensions can be used as a way of



focusing attention rather than as a means of classification, but few writings have done so” (Deetz, 1996, p. 191), which means the researcher could use them as a guide in their research.

### **Chua’s (1986) Framework**

Chua (1986) disagrees with Burrell and Morgan’s (1979) framework and found several difficulties with their framework: the first difficulty is what she called ‘strict dichotomies’, for instance, determinism v. voluntarism. Secondly, the idea of scientific truth and reason, which is, according to Chua, deduced by misreading. The third point is, their framework encourages the notion of truth and reason relativism, which leads people to conclude that relativism itself could be true and false. Finally, she highlights the difficulty of separation between the radical humanist and structuralist paradigms in their framework, which is not supported in sociology. Chua (1986) developed a framework that adopted three sets of philosophical assumptions underpinning accounting research, as shown in Table (1). Based on the above critique, Chua (1986) offers two alternatives to Burrell and Morgan’s (1979) paradigms: the interpretive alternative and the critical alternative. Each of these alternatives departs from its adopted assumptions, as shown in Tables 1 and 2 respectively:

Table 1; The interpretive alternative

<p><b><i>A. Beliefs about knowledge</i></b></p> <p>Scientific explanations of human intention sought. Their adequacy is assessed via the criteria of logical consistency, subjective interpretation, and agreement with actors’ common-sense interpretation.</p> <p>Ethnographic work, case studies, and participant observation encouraged. Actors studied in their everyday world.</p>
<p><b><i>B. Beliefs about physical and social reality</i></b></p> <p>Social reality is emergent, subjectivity created, and objectified through human interaction.</p> <p>All actions have meaning and intention that are retrospectively endowed and that are grounded in social and historical practices.</p> <p>Social order assumed. Conflict mediated through common schemes of social meanings.</p>
<p><b><i>C. Relationship between theory and practice</i></b></p> <p>Theory seeks only to explain action and to understand how social order is produced and reproduced.</p>

Table 2: The critical alternative

<p><b><i>D. Beliefs about knowledge</i></b></p> <p>Criteria for judging theories are temporal and context-bound. Historical, ethnographic research and case studies more commonly used.</p> <p><b><i>E. Beliefs about physical and social reality</i></b></p> <p>Human beings have inner potentialities which are alienated (prevented from full emergence) through restrictive mechanisms. Objects can only be understood through a study of their historical development and change within the totality of relations.  Empirical reality is characterized by objective, real relations which are transformed and reproduced through subjective interpretation.  Human intention, rationality, and agency are accepted, but this is critically analysed, given belief in false consciousness and ideology.  Fundamental conflict is endemic to society. Conflict arises because of injustice and ideology in the social, economic, and political domains which obscure the creative dimension in people.</p> <p><b><i>F. Relationship between theory and practice</i></b></p> <p>Theory has a critical imperative; the identification and removal of domination and ideological practices.</p>
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### 5.3 The paradigms of the study

From the discussion above, the paradigm of this study will be the radical humanist, for many reasons: firstly, the political-social nature involved in the accounting phenomena under investigation. Thus, as Chua (1986) argues, “it may no longer be useful to distinguish the political/social from the economic effects of accounting numbers. Nor may it be helpful to separate the organisation from its wider structural relationships. Critique may then offer a way of understanding the role of accounting in these complex contexts” (ibid., p. 626). Chua (1986)) also explains how critique "emphasises the totality of relations (social, economic, political, ideological). As a result, the perspective engenders a new interest in certain macro-structural phenomena that are neglected in mainstream accounting research." (ibid., p. 624)

### 5.4 Research Methods

As the researcher has chosen the radical humanist paradigm, he intends to choose qualitative methods to be employed in the study. Hoque (2006) explains that “the philosophical roots of qualitative methods emphasise the importance of understanding the meaning of human behaviour and the organisational context of social interaction. This includes developing empathetic understanding based on subjective experience, and understanding the connections between personal perceptions and behaviour” (ibid., p. 377). This study employs two research methods; content analysis and semi-structured

interviews, which are in line with qualitative research methodology. These methods will be introduced further in later chapters of this thesis.

#### **5.4.1 Content analysis**

Content analysis has been used in many studies to investigate problems in variety of subjects and applied to a diversity of materials (Berelson, 1971). Weber (1990, p. 9) identifies content analysis as “a research method that uses a set of procedures to make valid inferences from text”. Berelson (1971, p. 18) defines content analysis as it is “a research technique for the objective, systematic, and quantitative description of the manifest content of communication”. The latter definition raises the issue of the objectivity and subjectivity of the method, and whether it is a quantitative or qualitative one. While Berelson (1971) regards the method as objective, other researchers (e.g. Silverman, 2011) claim that content analysis is both a subjective and quantitative method. There is also a third claim by Sellitz et al. (1959, p. 336) which argues the quantification depends on the procedures of the analysis rather than the collected data. Moreover, Smith (1975) suggested that the use of both qualitative and quantitative analysis, Smith (1975) advocating this position “because qualitative analysis deals with the forms of and antecedent-consequent patterns of form, while quantitative analysis deals with duration and frequency of form” (ibid., p. 218). The adoption of both quantitative and qualitative analysis is seen by Berg (2004) as listening to the word of the text and understanding the perspective of the text producer, as a consequence; content analysis, for Berg and Lune (2014) is not a “reductionistic” and “positivistic” approach. Furthermore, the objective and subjective approaches were divided by Smith (2003) into; ‘form orientated’, which is seen as objective analysis, which involves word counting or ‘concrete references’, while the second content analysis approach is ‘meaning orientated’ which was seen as subjective analysis that focuses on analysing the themes in the investigated text. Content analysis is also defined by Krippendorff (2013, p. 24) as “a research technique for making replicable and valid inferences from text (or other meaningful matter) to the context of their use”. The latter definition links subject of analysis (e.g. text) to its broader context. This study adopts the latter approach, as it departs from philosophical assumptions of hyper-reality where text does not have a single meaning.

Most studies on charities’ accounting and accountability have analysed disclosure in annual reports e.g. (Hyndman, 1990; Connolly and Hyndman, 2000; Crawford et al.,

2009; Jetty and Beattie, 2009; Yasmin et al., 2013). Content analysis has been used widely in this area of research as a reliable method and is also seen as a technique that increases understanding of a phenomenon or informs a particular practice (Krippendorff, 2013, p. 24). Content analysis has been used in accounting as a reliable research method, in the area of social reporting (e.g. Milne and Adler, 1999; Haniffa and Hudaib, 2007; Kamla and Rammal, 2013) and accountability e.g. (Connolly and Hyndman, 2004; Yasmin et al., 2013). Content analysis has also been used widely in charitable sector research e.g. (e.g. Hyndman, 1990; Jetty and Beattie, 2009; Dhanani and Connolly, 2012).

For Krippendorff (2013) texts have six features which are relevant to the above definition of content analysis;

- 1- Texts have no objective qualities.
- 2- Texts do not have single meanings.
- 3- The meanings invoked by texts need not be shared.
- 4- Meanings speak to something other than the given texts.
- 5- Texts have meanings relative to particular contexts.
- 6- The nature of text demands that content analysts draw specific inferences from a body of texts to their chosen context.

These features are consistent with the critical approach that was illustrated in Chapter Two of this study. The postmodern approach, in particular, advocates the particularity of practices in their context that might mask the reality. Furthermore, text may have hyper-reality and is open to interpretations and re-interpretations. In addition, the text has a level of subjectivity that is reflected in different meanings as well as different interpretations. One of the purposes that content analysis can be used for, according to Weber (1990, 9) is to “reflect cultural patterns of groups, institutions or societies”. Extracting meaning from a text is the investigator’s job as (Weber, 1990, p. 80), puts it; "texts do not speak for themselves.... The investigator must do the speaking, and the language of that speech is the language of theory". From this philosophical point of departure of a study, the researcher could adopt the appropriate type of content analysis method, whether it is quantitative and qualitative content analysis (Berelson, 1971; Krippendorff, 2013).

#### **5.4.1.1 Types of content analysis**

According to Krippendorff (2013, 84), the analyst needs to be aware of the components of content analysis in order to proceed from text to results:

- Unitizing;
- Sampling;
- Recording/coding;
- Reducing data to manageable representations;
- Abductively inferring contextual phenomena;
- Narrating the answer to the research question.

The content analysis should also be valid and reliable, as validity and reliability are two characteristics of content analysis that distinguish it from other content of communication (Krippendorff, 2013). Guthrie and Abeysekera (2006, p120) illustrated three main technical requirements that must be met in order for the content analysis to be effective; First, the categories of study that classify the data must be clearly defined, Second, data capture must be systematic. Third, researchers must demonstrate the validity and reliability of the method. In the following sections, validity and reliability of content analysis are demonstrated, followed by an explanation of the units of analysis adopted in this study.

#### **5.4.1.2 Reliability**

According to (Berelson, 1971, p172), the acceptance of content analysis as a scientific research method depends to a large extent on the level of reliability. There are three types of reliability, according to (Krippendorff, 2013, p. 270); stability, reproducibility and accuracy. Stability refers to the degree to which the content analysis process is unchanged over time and data coded by the same coder more than once (Krippendorff, 2013; Weber, 1990). Reproducibility refers to the extent to which classification schemes produce the same results when the same text is coded by other coders (Weber, 1990). The third type of reliability is accuracy, which refers to the “degree to which a process conforms to its specifications and yields what it is designed to yield” (Krippendorff, 2013, p. 271).

Reliability, according to Carmines and Zeller (1979, p. 15), “concerns the degree to which results are consistent across repeated measurements”. Some studies on the charitable sector do not seem to be clear enough on the reliability of coding (classifying) rather than measuring (counting) disclosures. Some studies (e.g. Yasmin et al., 2013)

report the use of multiple coders, while in other studies ( e.g. Wellens and Jegers, 2014) there is little mention or no mention at all of the reliability of coded data.

There are several classification schemes in charity accounting research. Some studied disclosure practices of charities and classified data according to these disclosure themes. Others, who studied accountability practices in the charitable sector ( e.g. Crawford et al., 2009; Yasmin et al., 2013), adopted SORP classification. Furthermore, Crawford et al. (2009) added another theme (General Other) to SORP themes. Dhanani and Connolly (2012) developed a framework that adopted different classification that came under four main themes: strategic accountability, fiduciary accountability, procedural accountability and financial accountability. Reliability can be achieved by demonstrating the use of multiple coders and how different coding decisions if they occurred, were resolved. If a single coder classified the data, then it must be demonstrated that the coder had sufficient training (Milne and Adler, 1999). Moreover, coding decisions on a pilot sample before starting to code the whole main sample increases the reliability. According to Milne and Adler (1999, p. 239), “content analysts can reduce the need for the costly use of multiple coders. Well-specified decision categories, with well-specified decision rules, may produce few discrepancies when used by relatively inexperienced coders”. Adopting classified categories from well-grounded relevant literature is seen as a method that increases the reliability of content analysis (Guthrie et al., 2004). The latter view was adopted in this study as the categories were adopted from both charity accounting and Islamic accounting literature.

#### **5.4.1.2 Validity**

Validity, for Weber (1990), is a confusing term because it is used in different ways. Weber (1990, p. 18) suggested two distinctions of validity should be made: the first is the distinction between the validity of variables and methods and the validity of the result generalisation. The second distinction is between the validity of the classification scheme and the validity of the interpretation of content variables.

### **5.5 Interviews**

#### **5.5.1 Introduction**

Interviewing has changed over time in terms of both: practice as well as a methodology (Platt, 2002). It can be approached from different perspectives (Roulston et al., 2003). According to Platt (2002, p. 51), “the qualitative world became ideologically more

separate from quantitative research, and qualitative researchers developed their own discussion”. In qualitative research, for Warren (2002), participants are seen as meaning makers instead of passive participants. Bryman and Bell (2011, p465) claim that, “the interview is probably the most widely employed method in qualitative research”. Interviews, for Turner (2010, p. 754), also “provide in-depth information pertaining to participants’ experiences and viewpoints of a particular topic”. In social science, theories can be proved or disproved by data collection and processing (Alvesson, 2003). Grounded theory is based on the assumption that data may guide the researcher by exploring practice and then develop theory (Alvesson, 2003). This assumption, however, has been challenged in the qualitative research arena by interpretivists who believe, as Alvesson (2003, p. 13) explains, in the “centrality of preunderstandings, paradigms, and metaphors in research work to discursivist approaches and constructivist approaches that deny science any privileged access to the objective truth about the social world” .

As discussed in Chapter Two of this thesis, language is seen as constructing reality rather than just a reflection of this reality; this assumption thus problematizes empirical work that privileges data. Alvesson (2003, 14), warns that “without a theoretical understanding, any use of interview material risks being naïve, and interpretation of it rest on shaky grounds”. In the accounting literature, the interview method was adopted in a number of studies on charities; (Crawford et al., 2009; Yasmin et al., 2013; Wellens and Jegers, 2014). Table 3, below, shows how the interview method was employed by previous studies in accounting research in the charitable sector.

**Table 3; The use of interview method in the charitable sector research**

Study	Type of interviews	Number of interviews	Stakeholder groups interviewed
Jetty and Beatti (2009)	Semi-structured interviews	8	Preparers of annual reports
Connolly and Dhanani (2009)	Semi-structured interviews	11	Senior positions in charities
Crawford et al. (2009)	Semi-structured interviews	20	Trustees, treasurers, and management members
Yasmin et al. (2013)	Semi-structured interviews	13	Trustees and preparers of annual reports

### **5.5.2 Definition of interview methods**

Interviews are seen as modes of knowledge production (Alvesson, 2003). Interviewing as a method was seen as transforming people's lives by collecting data from individuals' experiences that convey the individual particulars. Gubrium and Holstein (2002, p. 9) argue:

“Our social world comprises viable and consequential individual opinions, assembled and offered up by actively agentic subjects, whose responses convey the individual particulars of modern society. With the spread of the discourse of individualized subjectivity, we now are prepared as both questioners and answers to produce readily the society of which we are a part”.

The use of the method in this study was for collecting data on the perceptions of different stakeholder groups regarding accountability practices in Islamic charities in Scotland. The intention is to unmask the reality, and challenge the status quo in order to change it for the better.

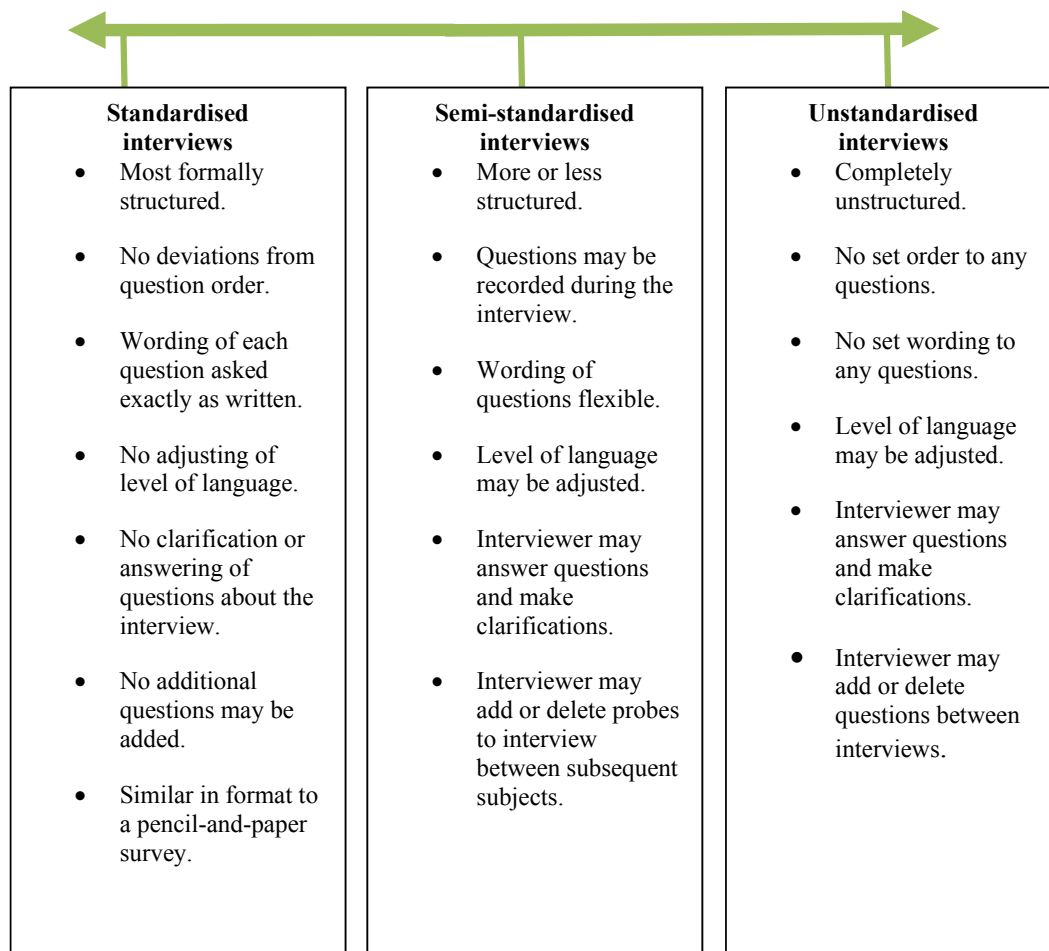
### **5.5.3 Types of interviews**

According to Berg and Lune (2014), there are three types of interviews: the standardised interviews, semi-standardised interviews and the unstandardised interviews. Figure 23 below shows the characteristics of each type.<sup>9</sup> In the first type of interviews, questions are short and simple. Researchers assume that all interviewees understand the questions as they are worded (Berg and Lune, 2014, p. 109). Standardised interviews, therefore, are seen as a form of survey interviews (Berg and Lune, 2014, p. 109). Furthermore, standardised interviews are used in quantitative research, as Bryman and Bell (2011, p. 466) put it, in order “to maximise the reliability and validity of measurement of key concepts. It is also more structured because the researcher has clearly specified set of research questions that are to be investigated”. In contrast to standardised (structured) interviews, researchers who adopt unstructured interviews that they do not assume questions should be asked in advance (Berg and Lune, 2014, p110). Furthermore, researchers assume that interviewees do not assign equal meaning to the questions in their wording format (Berg and Lune, 2014, p110).

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<sup>9</sup> Adapted from Berg and Lune (2014)





**Figure 3: Interview Structure Continuum of Formality**

Researchers also come with set of categories or topics that guide the conversation, in order to collect data, as there is greater interest in the interviewee's perception and opinion (Bryman and Bell, 2011). The semi standardised (semi-structured) interview is located between two extremes of a completely structured interview and a completely unstructured interview. This type of interview allows the interviewer to ask more questions and goes beyond the set of questions they come to the interview with (the scheduled questions). The researcher is also expected to ask questions that are formulated in words familiar to the interviewee. Consequently, "researchers, thus, seek to approach the world from the subject's perspective" (Berg and Lune, 2014, p. 113). Another classification of interviews is based on the quantitative-qualitative dimension. Qualitative interviews are identified as "relatively loosely structured and open to what the interviewee feels is relevant and important to talk about, given the interest of the

research project” (Alvesson, 2003, p. 13). Under qualitative interviews come semi-structured and unstructured interviews (Bryman and Bell, 2011).

#### **5.5.4 Interviews influenced by postmodern trends**

For some researchers e.g. Fontana (2002), interviewing that is influenced by postmodernist epistemology has changed. This view is based on the idea argued by Fontana (2002, p162) that “postmodernism orients to theorizing and, indeed, to society itself, not as monolithic structure but as a series of fragments in continuous flux”. The influence of postmodernism on interviewing is seen in a number of dimensions: firstly, the relationship between the interviewer and interviewee is no longer seen as a natural relationship. Postmodernist researchers do not see interviewees as passive subjects; instead, interviewees are seen as active participants (Scheurich, 1995). Thus, interviewing informed by postmodernism calls for empowering the interviewee in the “dominance-and-resistance view of the play of power” (Scheurich, 1995, p. 71). This view is based on empowering interviewees in terms of their struggle to make their own meanings of the questions and answers by telling their own stories (Brenner, 2006). The researcher, from this view, is no longer the dominant, rather, (s)he works in collaboration with the interviewee to produce the meanings and outcomes of the interview. Furthermore, the communication in the interviewing has taken new forms, as the interview is a product of the collaboration between the interviewer and respondent. Moreover, interviewing informed by postmodernism argues the issue of representation and whose story is told and whose is not. Regarding the issue of representation, most of the accounting literature on charities has centred on trustees and the views of charities themselves and neglected other views. Moreover, new electronic modes of communication are accepted from the postmodern methodological perspective, such as email and internet chat rooms (Fontana, 2002).

The personal experience of participants also influences the kind of information received in the interview. In this respect, Brenner (2006, p. 368) recommends that researchers describe how they are perceived by informants, as “interviewers can frame themselves as cultural outsiders or they might establish themselves more as insiders to build rapport”. In this respect, participants perceived the researcher of this study in different ways. In all interviews the researcher, however, was neither a complete insider, nor complete outsider, due to several factors. There are similarities and differences between the researcher and participants. For instance, the researcher is a Muslim who

prayed with them in their mosques and was familiar with Islam and Islamic terminology. On the other hand, the researcher is not a Scottish or British citizen. In addition, English is not his first language. Furthermore, although the researcher is a Muslim, he has not gone through the same experience as Muslims who were either migrants to Scotland or who were born in Scotland.

## **Chapter 6: Exploring Practice: The Significant Case of Islamic Charities in Scotland**

### **6.1 Introduction**

In previous chapters, the importance of religion in the society, its relations with accountability and notions of postmodern theory have been discussed. In parallel with this, it is important to contextualise the researched phenomenon of accountability discharged by Islamic charities in Scotland. According to Laughlin (1999), “critical accounting is always contextual. It maintains that accounting, whether as a practice or as a profession, is a phenomenon which has social, economic and political consequences and needs to be understood (and changed) in this context” (ibid., p73). Contextualisation of a phenomenon facilitates exploring, understanding and challenging the status quo for the better. For Morton (2003, p109), “religion is practical as well as intellectual, being an orientation of action and emotion as well as for thought, the three being intertwined; but the stress on the cognitive nature of religion is important and counters any notion that it is simply a matter of taste and in that sense merely subjective”. According to Lunn (2009), religion plays an important role in the development process in political, economic and social change. Furthermore, Lunn (2009, p, 943), points out that “within Islam, there have donors of *waqfs* (charitable endowments) for many centuries and these funds have been used to build schools, hospitals and universities.... In the 20<sup>th</sup> century ROs<sup>10</sup> continued to be important actors in social welfare and development”.

In the following section, the map of religion in Scotland is explored and analysed with a particular focus on Islam. The section also explores the historical development and changes in the diversity of religions in Scotland using statistical data.

### **6.2 Religion in Scotland**

According to the Scottish 2001 and 2011 Census, there are a diversity of religions in Scotland and the country is dominated by Christianity, with 54% of the Scottish population listing their religion as Christian in 2011, followed by people with no religion with 37%, then other minority religions: Muslims (1.5%), other religions (1%) and religion not stated (about 7%). The Christian group was dominated by Church of Scotland, with about 65% of in 2001 which decreased to 60% in 2011, followed by Roman Catholics who comprised 24% of those who said they were Christians in 2001,

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<sup>10</sup> Religious organisations

which increased to 30% in 2011. Other Christians made up 11% and 10% in 2001 and 2011, respectively. The number of people who said they had no religion increased over the ten years, from 28% in 2001 to about 37% in 2011 of the total Scottish population. The white ethnic group comprised about 99% of Christians in 2001, while in 2011 the percentage decreased slightly to 98%. The white ethnicity group made up the highest percentage of the non-religious group in both years 98% in 2001 and 2011 respectively as Table (4).

**Table 4: Religion, Scotland, 2001 and 2011**

	2001		2011		Change in number: 2001 to 2011
	Number	Percentage	Number	Percentage	
<b>All people</b>	<b>5,062,000</b>	<b>100.0</b>	<b>5,295,000</b>	<b>100.0</b>	<b>233,000</b>
<b>Church of Scotland</b>	2,146,000	42.4	1,718,000	32.4	-428,000
<b>Roman Catholic</b>	804,000	15.9	841,000	15.9	37,000
<b>Other Christian</b>	347,000	6.9	291,000	5.5	-56,000
<b>Buddhist</b>	7,000	0.1	13,000	0.2	6,000
<b>Hindu</b>	6,000	0.1	16,000	0.3	10,000
<b>Jewish</b>	6,000	0.1	5,000	0.1	-1,000
<b>Muslim</b>	43,000	0.8	77,000	1.4	34,000
<b>Sikh</b>	7,000	0.1	9,000	0.2	2,000
<b>Other religion</b>	8,000	0.2	15,000	0.3	7,000
<b>No religion</b>	1,409,000	27.8	1,941,000	36.7	532,000
<b>Religion not stated</b>	279,000	5.5	368,000	7.0	89,000

Source; Census 2011 National Records of Scotland

**Table 5: Religion by ethnicity group in Scotland 2001**

ETHNIC GROUP	ALL PEOPLE	None	Church of Scotland	Roman Catholic	Other Christian	Buddhist	Hindu	Jewish	Muslim	Sikh	Another religion	Not answered
White	4960334	1373445	2141666	796783	337873	3535	240	6202	3401	536	25968	270685
Indian	15037	1372	353	573	514	50	4585	14	892	5646	137	901
Pakistani and other South Asian	39970	1665	560	585	421	267	612	18	32696	264	192	2690
Chinese	16310	10293	561	704	1434	1913	8	10	38	9	163	1177
Other	30360	7685	3111	5087	4320	1065	119	204	5530	117	514	2608

**Table 6: Religion by ethnicity group in Scotland 2011**

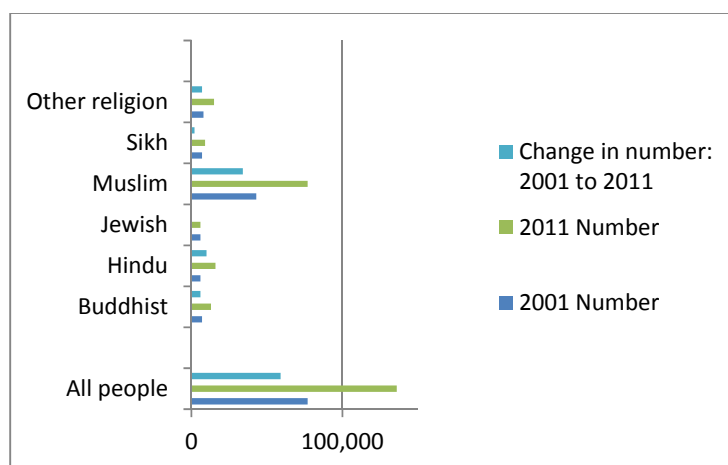
ETHNIC GROUP	ALL PEOPLE	None	Church of Scotland	Roman Catholic	Other Christian	Buddhist	Hindu	Jewish	Muslim	Sikh	Another religion	Not answered
	5295403	1941116	1717871	841053	291275	12795	16379	5887	76737	9055	15196	368039
White	5084407	1709638	1709638	820581	270019	5903	546	5583	5983	346	13952	355510
Asian Asian Scottish or Asian British	140678	29944	3050	9498	5114	6576	15596	55	54870	8357	702	6916
African, Caribbean or Black	36178	4181	3145	6590	13575	46	97	19	5380	36	225	2884
Other	14325	1733	339	999	660	28	65	128	9162	266	97	848

In terms of minority religions, all the religions increased in number, except Jewish which stayed at the same number and the other religion category which decreased by 7000 in 2011. As Table (7)<sup>11</sup> below shows, Islam made up more than half of these minority religions to be the largest religion after Christianity in Scotland in both census years 2001 and 2011.

**Table 7: Minority religions in Scotland by year**

Year	2001	2001	2011	2011	
	Number	Percentage	Number	Percentage	Change
All people	<b>77,000</b>	<b>100</b>	136,000	<b>100</b>	<b>59,000</b>
<b>Buddhist</b>	7,000	9%	13,000	10%	6000
<b>Hindu</b>	6,000	8%	16,000	12%	10000
<b>Jewish</b>	6,000	8%	6,000	4%	0
<b>Muslim</b>	43,000	56%	77,000	57%	34000
<b>Sikh</b>	7,000	9%	9,000	7%	2000
<b>Other religion</b>	8,000	10%	15,000	11%	7000

In total, minority religious groups increased by about 59000 people in 2011 compared to 2001 to comprise about 3% of the total population. The majority of followers of these religions came from minority ethnic groups while only 0.6% of white ethnic groups stated one of the minority religions as their religion in 2011. This, however, is an increase in number compared to the 2001 data.



**Figure 4: Minority religions in Scotland by decade**

### 6.2.1 Islam and Muslims in Scotland

In the literature, there is an acknowledgement of the lack of studies on Muslims living in Scotland in general (Kidd and Jamieson, 2011). This was the case for this research,

<sup>11</sup> Source; Census 2011, National Records of Scotland

especially when the researcher tried to contextualise Islamic charity practices in Scotland. Ansari (2004) discusses a key issue that brings in the subjectivity-objectivity of Islam; the subjective experience of Islam in different societies, the interpretation of Islam itself, which to be understood in its historical, social and political settings. Ansari (2004, p8), states:

"Indeed interpretation of Islam that portray it as irreducible, impermeable and undifferentiated, and immune to the process of economic, social, ideological and political change, have long obscured the complexities of the historical experience of Muslims in different societies. They have also prevented meaningful exploration of, on the one hand, the existence of alternative interpretations which may have had the potential for development, and on the other hand, the reasons why they have not prospered." (ibid., p8)

For Hopkins (2007), there are some continuities and connections between Scotland and the rest of the UK nations which allow generalisations to be made regarding race and ethnicity. However, some issues have a particularity in the Scottish context in terms of ethnicity. Although the Muslim community in the UK went through similar phases, what makes the experience of Muslims in Scotland unique, according to Maan (1992), are a number of elements. For instance; the Scottish legal system, the Scottish education system, and the Scottish culture, which the Muslims in Scotland settled and integrated with. Also, the Scottish context is unique in terms of politics and governance, Hopkins (2007) identifies these as political nationalism and the legislative framework in Scotland. The uniqueness of the Scottish context is seen by (Hopkins, 2007), in terms of diversity, distribution and structure. For instance, at his time of writing, minority groups in Scotland were about 100,000 or 2 per cent of the population, while in the UK were about 4.5 million people or 8 per cent. The minority group in Scotland is smaller than in England (Hopkins, 2007, p117). The minority in Scotland is also generally middle-class compared to its counterpart in England. Hopkins (2007, p118) claims, "Issues of affluence and social class amongst Muslim communities in Scotland are a key point of contrast between Scotland and the rest of the UK".

Maan (2008, p32) dated the appearance of Muslims in Scotland back to the eighth century. Furthermore, he (2008) suggests that the first contact between Muslims and Scotland was through religion. According to Maan (2008), the contacts between Scotland and Muslims took different forms through different eras: through travellers,



traders, wars, diplomats and scholars. It is important to understand the history of Muslim immigration to Scotland in order to understand the current realities (Lewis, 2007) as the majority of Muslims in Scotland are migrants. The migration of Muslims to Scotland began in the 19<sup>th</sup> century, as Scotland was involved in the colonisation of the Indian sub-continent (Islamic Society of Britain and Young Muslims, 2004, p. 3). Muslim students also came to Scotland to further their studies. For instance, according to Maan (2008), first Muslim student was an Egyptian medical student (Asyri Bey), who registered as a medical student at Edinburgh University for the years from 1854 to 1863. Another Muslim student, from India, came to Edinburgh University as well in 1857, as a medical student. The Muslim students' numbers increased to hundreds by the end of the nineteenth century (Maan, 2008). In the twentieth century, the early migrants were mainly seamen, who worked in Scottish ports as cheap labour, and were not able to return home. Later in the 1920s, Muslims started to settle in small communities, mainly, in Glasgow and Edinburgh as more economic migrants came looking for better life (Islamic Society of Britain and Young Muslims, 2004). After the Second World War, the majority of Muslim migration to Scotland was from Pakistan, and Muslim communities continued to develop in the 1950s and 1960s as a result of the growing British industries and a shortage of labour. Muslim migrants worked for Glasgow Corporation on buses and trains; they also worked in the jute mills of Dundee. Some, who encountered racism in the labour market, worked in the retail trade opening small shops and businesses. According to Maan (2008) that in the 1970s Muslims from East Africa arrived after countries such as Kenya, Malawi was expelled. In the 1970s there were around 12000 Muslims in Scotland working in diverse professions and industries.

In about 1931, an Islamic organisation called (Jamiat Ittehadul ul Muslim) was founded in London, and in about 1933 a branch was opened in Glasgow as the first Islamic organisation in Scotland (Maan, 2008). The objectives of this organisation were to look after the Muslim community in Scotland and its religious needs (Maan, 1992). Later, in 1944, the first mosque in Scotland started conducting daily prayers as well as Friday prayers in Glasgow, while in England the first mosque was in Liverpool in 1891 (Ansari, 2004). The second mosque in Scotland was in Edinburgh in 1962 as the Muslim community there converted a house into a mosque, and the third mosque was opened in Dundee in the late 1960s and another in Aberdeen in the late 1970s. By 1980s there were nine mosques in Scotland, and by the end of 1990s, the number had risen to

twenty-five. By the end of the twentieth century, the number of mosques in Scotland had almost doubled to over forty mosques; these mosques were not only places for worship but also evening and weekend schools teaching Islam, and community centres (Maan, 2008). In these mosques, classes were given to Muslim children teaching them about Islam and their traditions. After 1950, Maan (1992) claims that the Muslim community, among other immigrant communities, began to face racial discrimination in housing, employment and education.

Nowadays, as the Islamic Society of Britain and Young Muslims (2004) states, Muslims in Scotland work in many professions such as doctors, engineers, and teachers. The Muslim community in Scotland is believed to be the second largest community, with over 70,000 Muslims, who have contributed to Scottish life in many areas including job creation, businesses, and introducing new foods. There are some Muslim local councillors and MSPs in Scotland. In a recent report on experiences of Muslims living in Scotland by Kidd and Jamieson (2011), it was found that although Muslims are more likely to identify themselves as Scottish, they still feel otherness and difference as a result of incidents of religious and racial discrimination. In addition to the feeling of difference and otherness, it is worth mentioning the diversity of the Muslim community in Scotland. In recent years, Muslim immigration to the UK, including Scotland, has changed, as most of the migrants have come from countries other than the South Asian countries, such as Somalia, Afghanistan and Iraq. Also, this migration was not economic and Labour-led immigration, rather, it was because of wars (Lewis, 2007).

**Table 8: People living in Scotland<sup>12</sup>**

<b>All people</b>	<b>Born in the UK</b>	<b>Less than two years</b>	<b>Two years or more and less than five years</b>	<b>Five years or more and less than ten years</b>	<b>Ten years or more</b>
<b>5,295,403</b>	4,926,119	81,615	80,234	69,340	138,095

The 2001 Scottish census was the first source of data on religious groups, including Muslims (Kidd and Jamieson, 2011). Comparisons are here made with most recent Scottish census data (2011) to track the development of the data over ten years and include, for instance, most recent Islamic communities that emerged as refugees or

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<sup>12</sup> Source: 2011 Census ,adapted by the author

asylum seekers. Muslims in Scotland now represent a diversity of cultural traditions, coming from Pakistan, Bangladesh, Malaysia, Turkey, Iran, and Arab and African countries (Maan, 1992). According to Ansari (2004, p174), "the majority of the Muslim population of Scotland are Pakistanis, with small numbers of Arabs, Turks and Iranians in larger cities and Dundee". While in the 2001 census Pakistanis comprised 67% of the Muslim population in Scotland, by the 2011 census this percentage, had dropped slightly to 64%.

This diversity among the Muslim minority in Scotland has its consequences for social integration and community relationships, which have an influence on accountability relationships, mechanisms and forms of accountability in Islamic charities in Scotland. Data available from the 2011 Scottish census and previous studies show the particular experiences of Muslim community, as discussed in the following sections, which as mentioned earlier, have an effect on how Islamic charities in Scotland discharge their accountability. In addition, the reasons behind the emergence of these charities and the objectives they are set to fulfil are examined.

#### **6.2.1.1 Demographics**

In the 2001 Census, there were about 43000 Muslims, making up about 1% of the total population. The number of Muslims in Scotland has increased over ten years to reach about 77000 making up about 1.5% of the total Scottish population in 2011. As mentioned above, the largest Muslim community in Scotland is Pakistanis (Kidd and Jamieson, 2011). According to Arshad (2003, p. 131) "the population of minority ethnic groups is small compared with elsewhere in the UK" and racism is not a Scottish problem. The following subsections shed light on the particular demographics characteristics of Muslim society in Scotland.

##### **6.2.1.1.1 Age and gender profile**

According to Lewis (2007, p. 19), in the UK, "Muslims have the youngest age structure of all religious communities", and only 6 per cent are over 60 years of age, while the same percentage of the whole population is 20 per cent. However, according to the most recent Scottish Census (2011), the data shows a slightly different age structure for Muslims in Scotland. From Table 9<sup>13</sup> below, it can be seen that just over 3% of Muslims were over 65 years of age compared to the Scottish average of about 17%. Muslims

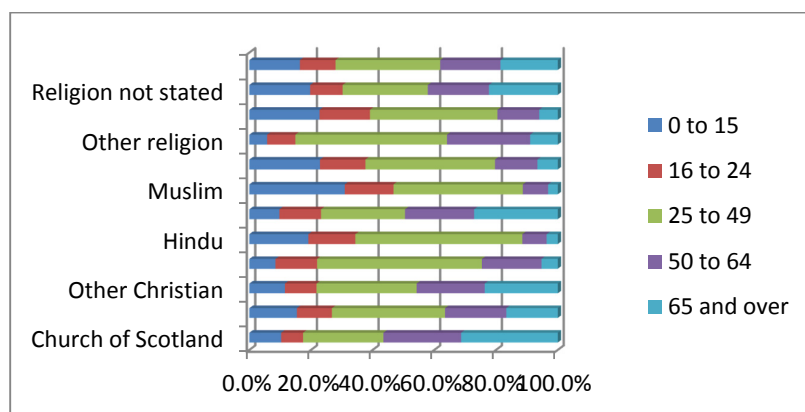
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<sup>13</sup> (National Records of Scotland).

under the age of 16 were just over 29% of the total Muslim population in Scotland, compared to the national average, which was just above 17%.

**Table 9: Age profile by current religion Scotland 2011**

	<b>0 to 15</b>	<b>16 to 24</b>	<b>25 to 49</b>	<b>50 to 64</b>	<b>65 and over</b>
<b>Church of Scotland</b>	11.3%	7.9%	26.4%	25.4%	28.9%
<b>Roman Catholic</b>	16.6%	11.8%	36.9%	19.8%	14.9%
<b>Other Christian</b>	13.1%	10.6%	32.8%	21.9%	21.6%
<b>Buddhist</b>	8.7%	14.7%	50.8%	20.2%	5.6%
<b>Hindu</b>	16.4%	17.9%	55.3%	6.6%	3.8%
<b>Jewish</b>	10.1%	13.8%	28.3%	22.9%	25.0%
<b>Muslim</b>	29.4%	15.6%	43.3%	8.5%	3.3%
<b>Sikh</b>	22.6%	16.2%	41.9%	13.6%	5.6%
<b>Other religion</b>	6.9%	11.3%	48.6%	24.7%	8.5%
<b>No religion</b>	22.6%	15.7%	40.5%	14.8%	6.4%
<b>Religion not stated</b>	20.2%	11.1%	28.8%	20.3%	19.6%
<b>National average</b>	17.3%	11.9%	34.2%	19.7%	16.8%



**Figure 5: Age profile by current religion Scotland 2011<sup>14</sup>**

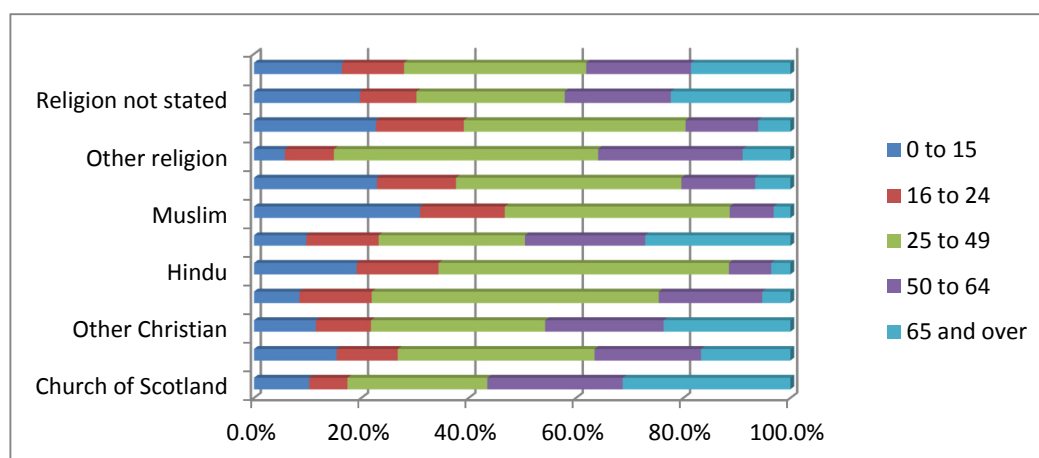
From Table 10 and Figure 5 below, it can be seen that the proportion of Muslim men aged 65 and over was just over 3%, compared to the national average of about 15%. Furthermore, Muslim males under age of 16 made up 28% of Muslim male population

<sup>14</sup> (National Records of Scotland).

in Scotland, compared to the national average of just over 18%. Muslims males aged 16 to the pensionable age was about 69% of the total Muslim male population in Scotland in 2011 (increased by about 4% since 2001).

**Table 10: Males by age by current religion Scotland 2011**

	0 to 15	16 to 24	25 to 49	50 to 64	65 and over
<b>Church of Scotland</b>	12.6%	8.9%	26.9%	25.5%	26.2%
<b>Roman Catholic</b>	18.1%	12.3%	37.1%	19.6%	12.9%
<b>Other Christian</b>	15.0%	11.0%	33.3%	21.6%	19.0%
<b>Buddhist</b>	8.9%	16.0%	47.8%	21.3%	6.0%
<b>Hindu</b>	14.4%	19.8%	56.1%	5.7%	4.0%
<b>Jewish</b>	10.4%	14.1%	29.4%	23.4%	22.6%
<b>Muslim</b>	28.0%	15.3%	44.4%	8.8%	3.4%
<b>Sikh</b>	22.4%	17.6%	41.8%	13.5%	4.7%
<b>Other religion</b>	8.4%	14.4%	47.6%	21.6%	8.0%
<b>No religion</b>	22.5%	15.1%	39.7%	15.9%	6.8%
<b>Religion not stated</b>	20.7%	11.6%	30.0%	20.7%	17.0%
<b>National average</b>	18.3%	12.3%	34.5%	19.9%	14.9%



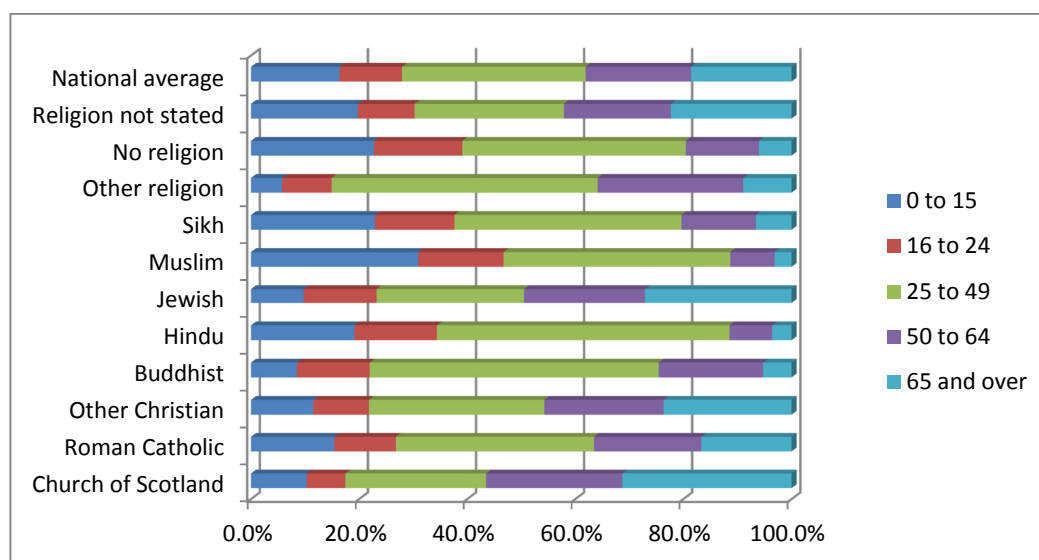
**Figure 6: Male by age by current religion Scotland 2011**

The age structure of female Muslims in Scotland was very similar to their male counterparts in the same year, as Table 11 and Figure 6 below show. The proportion of

female Muslims aged 15 and under was 31%, about 3% more than their male counterparts, and female Muslims aged 16 to pensionable age made up just over 68% of the total female Muslims in Scotland in 2011. The proportion of female Muslims of 65 and over was about 3%.

**Table 11: Females by age by current religion Scotland 2011**

	0 to 15	16 to 24	25 to 49	50 to 64	65 and over
<b>Church of Scotland</b>	10.3%	7.1%	26.1%	25.2%	31.3%
<b>Roman Catholic</b>	15.4%	11.4%	36.7%	19.9%	16.7%
<b>Other Christian</b>	11.5%	10.3%	32.5%	22.1%	23.7%
<b>Buddhist</b>	8.5%	13.5%	53.5%	19.3%	5.3%
<b>Hindu</b>	19.2%	15.2%	54.1%	7.9%	3.6%
<b>Jewish</b>	9.7%	13.5%	27.3%	22.4%	27.1%
<b>Muslim</b>	31.0%	15.8%	41.9%	8.2%	3.1%
<b>Sikh</b>	22.9%	14.7%	42.0%	13.8%	6.6%
<b>Other religion</b>	5.8%	9.2%	49.2%	27.0%	8.9%
<b>No religion</b>	22.7%	16.4%	41.3%	13.5%	6.0%
<b>Religion not stated</b>	19.7%	10.5%	27.6%	19.8%	22.3%
<b>National average</b>	16.4%	11.6%	34.0%	19.5%	18.6%



**Figure 7: Females by age by current religion Scotland 2011**

#### **6.2.1.1.2 Marriage**

Lewis (2007, p. 22) notes that, “over 90 per cent of marriages of British Muslim women from South Asia ethnicity were to co-ethnics”. Furthermore, most of the Muslim Pakistanis arranged their marriage to relatives from the same clan and according to their clan customs. In addition, the category ‘Pakistanis’ itself has a diversity of regional and linguistic groups (Lewis 2007, p. 22). This shows the evidence of the existence of an ethnic community within Muslim communities which seems to be favoured over the religious community, in terms of marriage. According to Lewis (2007), there are some elements that characterise Muslims in the UK, which include the low participation of women in the formal labour market and marriage at an early age. Muslims also were the least likely to be divorced, separated or re-married.

#### **6.2.1.1.3 Households and accommodation,**

According to Maan (2008), the first Muslim tenant who rented a flat in Glasgow, was Nathoo Mohammed in 1924 which indicates the historical development of Muslim settlement as migrants in Scotland. Lewis (2007) argued that “the youthful age structure and large family size ensures the rapid growth of certain Muslim communities, especially from south Asia. These communities, characterised by generally low educational qualifications, and occupational concentrations in restaurants and taxi-driving, offer limited opportunities for progress.”(ibid. p. 29)

#### **6.2.2 Education**

Muslim students came to Scottish universities in the late nineteenth century to study medicine and engineering; the Indian Union in Glasgow was established in 1911 to look after the issues interests Indian students who many of them were Muslims (Maan, 2008, 1992). According to Maan (2008), in 1997, a Muslim philanthropist, Mr Yaqub Ali, donated £500,000 to a Scottish university (Strathclyde University) to found the Pakistan 50<sup>th</sup> Anniversary Scholarship Fund, which was the largest single donation to the university. Education was one of the main areas of Muslim identity in the UK and, “one of the earliest signs of the emergence of British Muslim consciousness was the struggle over Muslim schools” (Ansari, 2004, p. 9). Muslim schools, according to Ansari (2004) were seen by Muslims as a place where young Muslims would strengthen their culture and thus challenge their racial experiences. Opening Muslim Schools was promoted by Muslims as multicultural education and equal rights of Muslims as British citizens. Arshad (1999) articulated the double standard in education in Scotland as “the reason

for the start of Catholic education – to prevent alienation, isolation and to provide a safe place to learn – could be applied to Muslim in Scotland today who experience Islamophobia and demonization” (ibid. p. 225). Also (Arshad, 1999), pointed out that at that time in Scotland there were several spoken languages, including English, Scots, Gaelic, Urdu, Arabic, Chinese and Hindi, and although Urdu was the second spoken language after English in Edinburgh and Glasgow, there were no Urdu-medium primary schools. Moreover, there were Gaelic-medium primary schools in Edinburgh and Glasgow. The belief in language as an important element in shaping culture and identity, raises the question of educational and social rights of speakers of other languages in Scotland, in this case, Muslim Urdu speakers or other languages, e.g. Arabic.

### **6.2.3 Jobs, Employment and socio-economic profile of Muslim communities**

For Ansari (2004), the socio-economic disadvantages for Muslims in the UK have held them back as well as ethno-religious discrimination. Data from the National Scottish census shows Muslims are a disadvantaged religious minority compared even to other religious minorities in Scotland (Kidd and Jamieson, 2011). This discrimination takes shape in different areas such as availability of Halal food, and the refusal of permission for building mosques, schools and for burial sites (Maan, 2008).

Minorities in Scotland have poorer chances in both employment and earnings compared to their “white” majority counterpart (Sinfield, 2003). According to Lewis (2007, p. 27), “one-third of the Muslim population is in a long-term unemployment or ‘never worked’ category; this is twice the figure for ‘Christian’ communities”. Also, Virdee (2003, p. 93) claims that “Asians continue to be socially excluded from the better and higher paid jobs in the labour market in contemporary Scotland”. The collapse of manufacturing industries in the 1970s led to widespread rooted unemployment among Asians in Scotland (Virdee, 2003). Furthermore, there are also concerns in the job market, as (Bonino, 2015) claims that presenting oneself as a Muslim has an impact on securing a job or reaching certain positions. This high percentage of low participation in the Muslim communities in the formal labour market is due to the high percentage of economically inactive Muslim women, as previous sections showed. In Scotland, according to the 2001 Census, Muslims had the highest unemployment rate at 13% which was higher than any other religious groups in Scotland. Also, the unemployment rate in Muslim women was 15%. El-Nakla et al., (2008) found there were a number of



barriers for Muslim women limiting their access to employment, such as faith and lack of skills, English, and culturally appropriate childcare, as well as a lack of confidence. Furthermore, Hopkins (2004) found that young Muslims in Scotland who visibly display their "Muslimness", such as through dress, beard or skin colour, are more likely to be marginalised in terms lack of access to employment than Muslims who do not visibly display their "Muslimness". This shows the particularity of Muslim community in Scotland and the economic disadvantage it experiences, which might lead to a conclusion of the important roles of charities for Muslims in Scotland for promoting a better life. It could be concluded that these historical, cultural and religious reasons were the main factors for the emergence of Islamic charities in Scotland in the first place. Therefore, Islamic charities should fulfil these needs and serve their Muslim communities to overcome obstacles within their wider Scottish context.

#### **6.2.4 Health**

There are number of issues that Muslims face in Scotland. The statistics show that a large number of Muslims have a long-term illness or do not feel in good health (see Table 12 below). There is also the issue of lack of halal meals at hospitals (El-Nakla et al., 2008). There are other cultural issues that affect Muslims in Scotland in terms of health. For instance, maternity care, as a Muslim woman needs a female professional to look after her, which not always possible in the health sector in Scotland. There is also the lack of resources required for undertaking circumcision. Furthermore, there is a need for interpreting from and to English and other languages such as Urdu. In the UK context, in 2002, there were over 1000 new-born children who lost their mothers. According to the National Institute for Clinical Excellence (NICE) (2004) report,<sup>15</sup> “a very high proportion of the women who died during 2000–02 were economically and socially disadvantaged and are described in this Report as ‘vulnerable’ or ‘socially excluded’” (NICE, 2004, p. 25). According to NICE (2004), a large proportion came from minority ethnic groups, and included women who did not speak English, and refugees and asylum seekers.

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<sup>15</sup> Why Mothers Die 2000–2002, National Institute for Clinical Excellence (NICE) (2004, p. 25)

**Table 12: People's health by ethnicity in Scotland**

	ALL PEOPLE	White	Indian	Pakistani and Other South Asian	Chinese	Other
<b>GENERAL HEALTH</b>	3437696	3362820	10987	27814	12340	23735
Good Health						
Fairly Good Health	1110453	1090857	2915	8561	3265	4855
Not Good Health	513862	506657	1135	3595	705	1770
<b>LIMITING LONG-TERM ILLNESS</b>	1027872	1015308	1907	6021	1492	3144
Has a limiting long-term illness						
Does not have a limiting long-term illness	4034139	3945026	13130	33949	14818	27216

El-Nakla et al., (2008) found many Muslim women in Scotland who suffer from depression and other mental health problems do not find the right place to go. These women need consultations that are in line with their religion.

#### **6.2.5 Community**

Morton (2003, p. 109) identifies a faith community as "having so much to do with who people are and how they see the world, is bound to be a significant influence, for good or ill, on their participation in the political culture and institutions of the society to which they belong". Also, faith communities maintain continuity between the past and the present (Morton, 2003, p' 111). Muslim community (*umma*) is seen by Sedgwick (2006) as comprising several different *ummas*: the worldwide Muslim community, individual Muslim states, communities of *mazhab* (schools, clan) and the local *umma*. In the West, according to Sedgwick (2006), migrants from Muslim countries are identified by religion, not by ethnicity, and they are treated as Muslims by the west. For Sedgwick (2006, p144) the local community for Muslims comes before the worldwide *umma* and *mazhb*, as the local community is based around the mosque. The local community, according to Sedgwick (2006), serves several purposes, such as worship, education, and social welfare and has its importance for Muslims, especially in the West, as Muslims in the West are more conscious of the need to organise themselves. Moreover, Kidd and Jamieson (2011) found that the term community was used by Muslims in Scotland to refer to something local. Further, Hopkins (2007) found locality is very important to young Muslim men in Scotland. This sheds light on the importance of local community for Muslims in Scotland, rather than the global *umma*. It also sheds light on the importance of the mosque as a community centre for Muslims in non-Muslim countries.

Different ethnic Muslim communities are located depending on the circumstances of their migration to the UK (Lewis, 2007). For instance, the majority of Muslim migrants in Leicester came from Gujarati Indians, who were forced to leave East Africa due to the Africanisation during the 1960s and 1970s. These migrants, according to Lewis (2007), were skilled workers and well educated, therefore, they settled easily in the city. In Scotland, the majority of Muslim community are Pakistanis who were economic migrants in the 1950s and 1960s (Kidd and Jamieson, 2011; Lewis, 2007; Maan, 2008). Pakistanis are the largest minority in Scotland representing 31 per cent of the black and minority ethnic population (Scottish Government, 2004).

The emphasis on local community has its consequences on the scope of Islamic charities activities and the charity being identified in its local community, thus, being accountable to this community in the first place. Moreover, research on charities sheds light on the effect of ethnic identity of charities and their practices, such as activities, the appointment of trustees, employees, and beneficiaries as well as funders. This will be investigated further in the interviews in Chapter 8, together with how these charities discharge their accountability focused on the local community or taking into account the worldwide Muslim community as well.

**Table 13: People in Scotland by ethnicity by year**

2001			2011			Change in number: 2001 to 2011
	Number	Percentage		Number	Percentage	
All people	5,062,000	100.0	All people	5,295,000	100.0	233,000
White	4,960,000	98.0	White	5,084,000	96.0	124,000
Mixed	13,000	0.3	Mixed	20,000	0.4	7,000
Asian, Asian Scottish or Asian British	71,000	1.4	Asian, Asian Scottish or Asian British	141,000	2.7	69,000
Pakistani	32,000	0.6	Pakistani	49,000	0.9	18,000
Indian	15,000	0.3	Indian	33,000	0.6	18,000
Bangladeshi	2,000	0.0	Bangladeshi	4,000	0.1	2,000
Chinese	16,000	0.3	Chinese	34,000	0.6	17,000
Other	6,000	0.1	Other	21,000	0.4	15,000
Black, Black Scottish or Black British	8000	0.2	Black, Black Scottish or Black British		1.4	28,000
Other	10,000	0.2	Other ethnic group	14,000	0.3	000
			Arab, Arab Scottish or Arab British	9,000	0.2	
			Other	5,000	0.1	

Source: National Records of Scotland

#### **6.2.6 Identity: national, ethnic and religious identity**

For McCrone (2003, p5) “our gender, social class and ethnicity are only a few of the more important ones, as in our national identity”. Religion also is seen as a source of identity (Sedgwick, 2006). Diversity among Muslim communities is rooted in terms of ethnicity, as Lewis (2007) noted that the Muslim Arabs in London were more secular compared to their South Asian counterparts; this reflects the diversity of Muslims according to ethnicity and other cultural elements among the religious elements. The experiences and practices of the Muslim communities differ and take different forms. For instance, (Ansari, 2004, p. 3) claimed that "values, symbols and aspirations, approaches to issues of identity, strength of adherence to ritual and loyalty to kin networks, and the form and nature of institutions are likely to be extremely varied, making Muslims in Britain a very heterogeneous population". The diversity issue leads to the notion of otherness. Otherness is seen in terms of belief, social identity, religious identity and cultural identity in general. Muslims in Britain in 1980s began struggling for their identity through the celebration of difference and construction of new hybrid identity (Ansari, 2004). Identity and its various aspects (religion, ethnicity, custom, class) for Muslims in Britain, for Ansari (2004, p6), "are thought to be susceptible to historical processes, and it is seen as being constantly refashioned and reimagined in accordance with internal and external social forces". In addition, 'Muslimness' is seen as a sort of political identity as well (Lewis, 2007). Muslim political participation has taken various shapes, as voters, party members and candidates for elections (Ansari, 2004).

According to (Ansari, 2004), Muslim communities in Britain are neither ethnically nor ideologically homogenous, “thus any presumptions of Muslim homogeneity and coherence which claim to override the differences between rural and urban, rich and poor, educated and illiterate, do not necessarily correspond to social reality” (Ansari, 2004, p. 3). This statement reflects the hyper-reality among Muslim communities ideologically, ethnically, and socio-economically. Therefore, there are diverse forms of privileged identity among Muslims in the UK: some privilege religious identity while others see their identity as connected with their ethnicity (Lewis, 2007). Further, Lewis (2007) claims that the culture of first generations of Muslim migrants to the UK is influenced by Islam more than that of later generations. Moreover, Sedgwick (2006) differentiates between Muslims in the USA and Europe, as Muslims in the former are, on the whole, well-educated and well integrated into the country, while in the latter, Muslims are often

poor and alienated. This alienation, according to Sedgwick (2006), leads to hostility, which has its political significance, such as the possibility of political-religious radicalisation. In Scotland, religion has been found to be one of the multiple elements of identity for Muslims, and religion is seen as an important way in which Muslims identify themselves (Kidd and Jamieson, 2011). According to Kidd and Jamieson (2011, p) “Muslims experience feelings of ‘Otherness’ and difference resulting in part from incidents of religious and racial discrimination”. Moreover, Hopkins (2004) also found that young Muslim men in Scotland are seen as other and different according to their skin colour, their dress, and wearing a beard. Depending on their appearance, young Muslim men in Scotland, according to Hopkins (2004), experience racism. All these issues have their effects on equality and the struggle for social justice and a better life by Muslim communities in Scotland.

Although minorities in Scotland identify themselves, as Muslims or Asians, they also identify themselves positively as Scottish. This contrasts with the case of the Muslim minority identified as English or British (Bonino, 2015; Hopkins, 2007; Rosie and Hepburn, 2015). Furthermore, Islam is seen as a force that unites an ethno-culturally diverse community and a collective survival from exclusion (Bonino, 2015). This multiple identities of Muslim communities in Scotland can be seen through the lens of postmodernism as the multiple self who is constructed and reconstructed in this multiplicity. The collective self of the Muslim community in Scotland is seen through this multiple identities just as the worldwide Muslim communities can be seen in terms of the *umma*. It is also seen as an ongoing process and continues the formation of the collective self that is influenced by uncertainties and threats (Bonino, 2015). This complex nature of identity seems to be negotiated at the interplay of macro (local, national, international) and micro (within Muslim communities) levels. (Bonino (2015, p. 87) describes this complex nature of Muslim identity as “multiple identities (national, cultural/ethnic and religious) are upheld at the same time and integrated within a networked system in which each identity aspect is not fixed and completely separated from others but work in a dialogical and contextual fashion”. Consequently, the main characteristics of Muslim identities can be captured as being fragmented, difference, and continuity of formation within their socio-political context.

For Muslims in Britain, their life has been affected by the digital age, as the *umma* itself has become more connected electronically, with appreciation and acknowledgement of commonalities, as well as celebrating differences within Islamic communities (Ansari,

2004). Muslim communities in Scotland practise the "Digital Islamic Library". In addition, members of Islamic communities can participate online in the discussion and debates over issues that concern them, using digital media platforms such as social media, which provide real-time discussion and participation.

Within the Muslim community, otherness and the self seem to be a result of different socio-political factors, as some Muslims are treated as social aliens (Blackwood et al., 2013). Being Muslims who identify themselves as being Scottish would also have an impact on the identity of the charity as being Islamic as well as Scottish. Islamic charities are regulated by the Scottish Charity Act (2005). It is not clear if Islamic charities in Scotland have a form of ethnic identity based on the trustees, local community it operates in, funders, or other ethnic affiliation. In addition, the identity of older charities might reflect the identity of its founders, trustees or funders, as determined by their founding documents. This also could be said about new charities that are founded, managed or funded by younger Muslim generations. The issue of identity may have its effect on beneficiaries, employment, volunteers, and trustee's election/selection. The identity of a charity could be reflected in the founding documents of the charity. The identity would determine to whom the charity accountable, the scope of its services, the criteria of beneficiaries' selection and also the trustees' election/selection. These issues will be explored in detail in the next two chapters.

#### **6.2.7 Participation**

In 1968 Bashir Maan, a Muslim migrant was appointed a Justice of the Peace, and later in 1970 became the first Muslim city councillor in the whole UK, as an indicator of the Muslim integration and political participation in Scotland (Maan, 2008). In 1972 Bashir Maan was selected as the first Asian Labour Party Parliamentary candidate. In 1973 another Muslim in Glasgow, Mr Nazir Choudhry, became a Justice of the Peace. Furthermore, in the 1995 local authority elections, there were four Muslim councillors in Glasgow City Council, and moreover, in the 1997 general election, a Muslim from Glasgow (Muhammad Sarwar) was elected as a Member of Parliament to become the first Muslim Member of Parliament in the UK (Maan, 2008). There were eleven Muslims candidates in the Scottish local authority elections in 2003, representing different political parties; eight of these eleven were elected as councillors, among them was the first female Muslim city councillor in Scotland Mrs Halima Malik (Maan, 2008). Some global and national events and tragedies that happened affected the Muslim community in Scotland

such as 9/11 in the USA and 7/7 in London, which led to alienation among young Muslim generations as a result of Muslims being suspects of terrorism, and the use of anti-terrorism laws as well as Islamophobia dominated the western world (Maan, 2008). According to Lewis (2007, p. 24), “Labour’s dominance was lost in 2003 when many Muslim voters shifted from Labour to the Liberal Democrats as a protest against the Iraq war”. This could be seen as an indicator of the influence of some Muslim communities in British politics in some cities.

The Union of Muslim Organisations of UK and Ireland (UMO) was established in 1970 in order to advocate and look after issues that concern Muslims. The union, however, achieved little success in its mission (Ansari, 2004). Later, UK Action Committee on Islamic Affairs (UKACIA) was founded, in 1988, then the Muslim Parliament in 1992. The unelected Muslim Parliament also failed to address Muslim matters or lead the collective Muslim efforts (Ansari, 2004). According to Ansari (2004), there was a lack of national unity among Muslims, due to the reality of a multitude of ethnic communities. In 1996 the Muslim Council of Britain (MCB) was found which was also criticised as being dominated by *Suni* Muslims (Ansari, 2004). It is worth mentioning that some issues were of concerns of Muslim across the UK that needed collective efforts, such as Halal food and education.

### **6.3 The unique Scottish politics and governance**

According to McCrone (2003, p. 7), politics in Scotland is the politics of nation more than politics of class, compared to England. Also, the Scottish Government is accountable to the Scottish Parliament not to the Westminster Parliament (Brown, 2003). The Scottish Parliament is responsible legislatively for areas that not reserved to Westminster, such as local economic development. There are differences in the experience of Muslims in Scotland that makes it unique compared to their counterparts in the rest of the UK (Rosie & Hepburn, 2015; Hopkins, 2007). For instance, Hopkins (2007b), argues that British National Party (BNP) was associated with England rather than Scotland. Political nationalism has a stronger influence in Scotland compared to the rest of the UK nations: the success of SNP and also the formation of organisations such as Asians for Independence are evidence of political nationalism in Scotland (Hopkins, 2007b). According to Arshad (2003, p. 132), the establishment of the Scottish Parliament has “contributed to a shift in political thinking and stronger commitment towards equality issues, and particularly racial equality” which reflects the uniqueness of Scottish politics



that affects Muslim communities in Scotland in terms of racial equality. In this respect, (Bonino, 2015), states that Scotland is an easier place for Muslims to live and integrate into compared to England, due to less fear of terrorism, for instance. Now Muslims are represented in the Scottish Parliament, and some of the Scottish Muslim politicians believe Scotland is marginalised within UK (Hopkins, 2007b). Furthermore, Arshad (2003) believes that accepting equality and diversity in Scotland are preconditions for any real democratic renewal. Liberalism, according to Modood (2005, p. 172), “takes a clear, individualist view of what is the ultimate good for human beings and uses it as standard to judge all actual and possible societies. It thus universalizes itself while relativizing all other cultures and societies”. Rosie and Hepburn (2015) found that that older people are more likely to be unionist while working class people are less likely to be. This is in line with what was found in some other studies within Muslims in Scotland; as Young Muslims feel they are Scottish more than British, which contrasts with the views of older Muslim generations in Scotland. Furthermore, Rosie and Hepburn (2015) found that Britishness proves to be a ‘civic canopy’ and an identity claimed by all ethnic groups in England, while in Scotland this role was played by Scottishness. This identity has its impact on the politics of unionism in the UK.

### **6.3.1 Legislative framework**

In addition to the uniqueness of the political, governance and power context in Scotland, it is also unique in terms of the legislative framework, as the Scottish Parliament is responsible for many matters in Scotland, such as education, health, local government, police and fire services, social work, economic development, tourism, the environment, sport and art, while Westminster government is responsible for other matters, such as immigration, nationality, defence, and national social security, employment legalisation and energy. According to MacQueen (2003, p. 55), “Scots law was Europe’s first mixed system, combining features of the English Common and Continental law. Today in Europe all legal systems are mixed, but none has had the length of experience in such mixing as the Scots”. Ansari (2004) states that there are a number of issues that attract Muslims’ concerns regarding law, such as Halal food, concerns over religious and sex education, dress codes, family law and time off for religious festivals.

All these unique features of the Scottish context have an influence on issues related to equality and diversity. Furthermore, the difference in the Scottish context allows Hopkins (2007a) to argue that Scotland is not a microcosm of the UK. Hopkins (2007a) also

emphasises the danger of making generalisations about the British context. In the charitable sector accounting research, this generalisation has witnessed in a number of studies conducting a research on the English charity sector and assuming the same result applies in Scotland, which is a problematic matter.

### **6.3.2 The charity sector in Scotland**

According to OSCR, the majority of Scottish charities are small charities, and each type of charity has accounting requirements to comply with, for instance, charitable companies, registered social landlords and higher education institutions have to comply with other legalisations as well. There are over 23,500 charities listed on the OSCR's register in March 2015 (OSCR website). The diversity is seen as one the characteristics of the Scottish charity sector (Crawford et al., 2009).

### **6.3.3 Legal framework**

Regulation of the third sector in the UK, according to (Breen et al., 2009), shares a common history, as it is dated back to the 1601 Statute of Charitable Uses. There are, however, three separate legal jurisdictions in the country, each of which went through major changes in recent years (Breen et al., 2009). These three legal jurisdictions are England and Wales, Scotland, and Northern Ireland. These changes, according to Breen et al. (2009), seek to introduce “modern systems of charity law”. The core changes were on how the term charity is legally identified, more accounting requirements (based on the income of the charity), and the compulsory registration of the charities.

Although the three charity systems in the UK are similar, there are differences in details as well. For instance, the three legal jurisdictions are similar in terms of their main features: each has a definition, a “test” of what makes it a charity, and each has a register-regulator. In terms of the definition, the definition of a charity in the UK adopted the English definition, which was familiar for tax purposes (Breen et al., 2009). Later, in 2005, the Charities and Trustee Investment (Scotland) Act 2005 came into force and a register and regulatory body for charities in Scotland was founded (OSCR). According to Breen et al. (2009), the new Scottish system connected the UK tax system and regulation of charities in Scotland. The organisation cannot be a charity unless meets the charity test and is registered with the OSCR; the organisation is then granted charitable tax relief according to the English definition of charity.

Another difference is also regarding the charitable purposes, as the Charities and Trustee Investment (Scotland) 2005, section 7(2) states sixteen charitable purposes ( there are

only thirteen in England and Wales (Morgan, 2009)). The organisation must provide 'public benefit' in order to be recognised as a charity. The OSCR requires charities to keep accounts and report to the register annually. Later, the Charities Accounts (Scotland) Regulations 2006 introduced the detailed content of the statement of account. Charitable companies now need to prepare accounts that comply with the regulations as well as the requirements of company law. The Companies Act 2006 that is relevant to Scottish charitable companies has introduced some changes. For accounting periods commencing on or after 1 April 2008, charitable companies no longer exempt from the audit requirements. They can qualify for audit exemption in the same way as any other company. Charitable companies also are subject to the provisions of the regulations in respect of external scrutiny of the accounts (OSCR). It is worth noting that OSCR also has the powers of investigation, intervention, and can suspend charities. The charity accountability movement seems to be driven by the compliance-based paradigm, in which legal and regulatory considerations were the primary driving forces behind the charitable sector responses. In contrast, as it was shown in previous chapters, Islamic charity accountability is value-leaden and therefore should be compliant with general Islamic values and the *sharaih* framework.

#### **6.3.4 Accounting and accountability requirements**

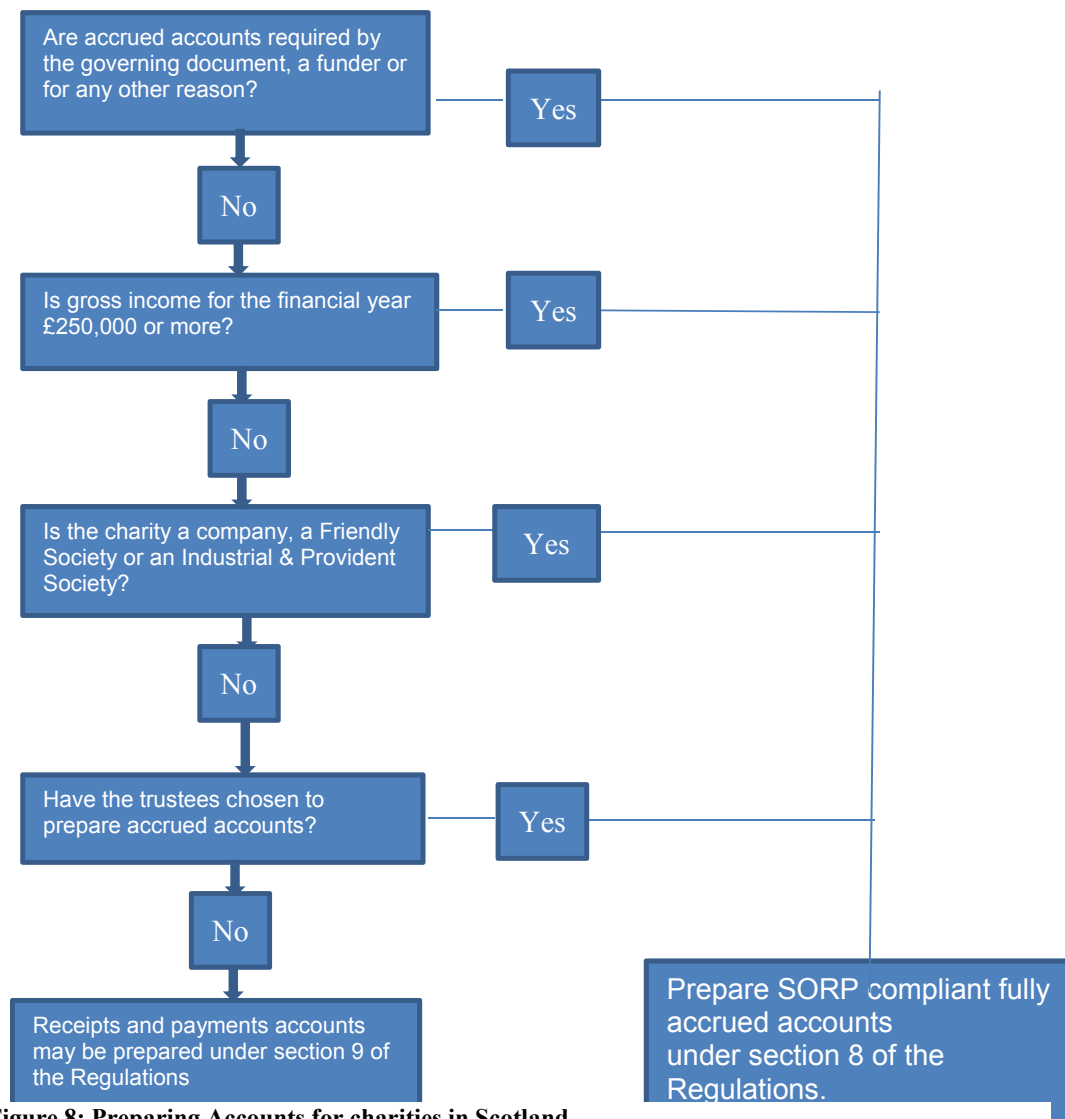
Section 44 of the 2005 Act and the original Regulations came into force for accounting periods starting on or after 1 April 2006. The Act requires charities in Scotland to keep proper accounts and report to OSCR annually, including the accounts and their activities as well. Some minor changes were introduced by the Charities Accounts (Scotland) Amendment Regulations 2007 and more recently, the Charities Accounts (Scotland) Amendment Regulations 2010 which came into force on 1 April 2011. The most significant changes made by the 2010 Amendment Regulations only affect financial years starting on or after 1 April 2011.

##### **6.3.4.1 The types of accounts that can be prepared**

According to OSCR, charities must prepare accounts in one of two ways:

- receipts and payments
- fully accrued

Figure 8<sup>16</sup> below shows the different methods should be followed in preparing the accounts under certain conditions.



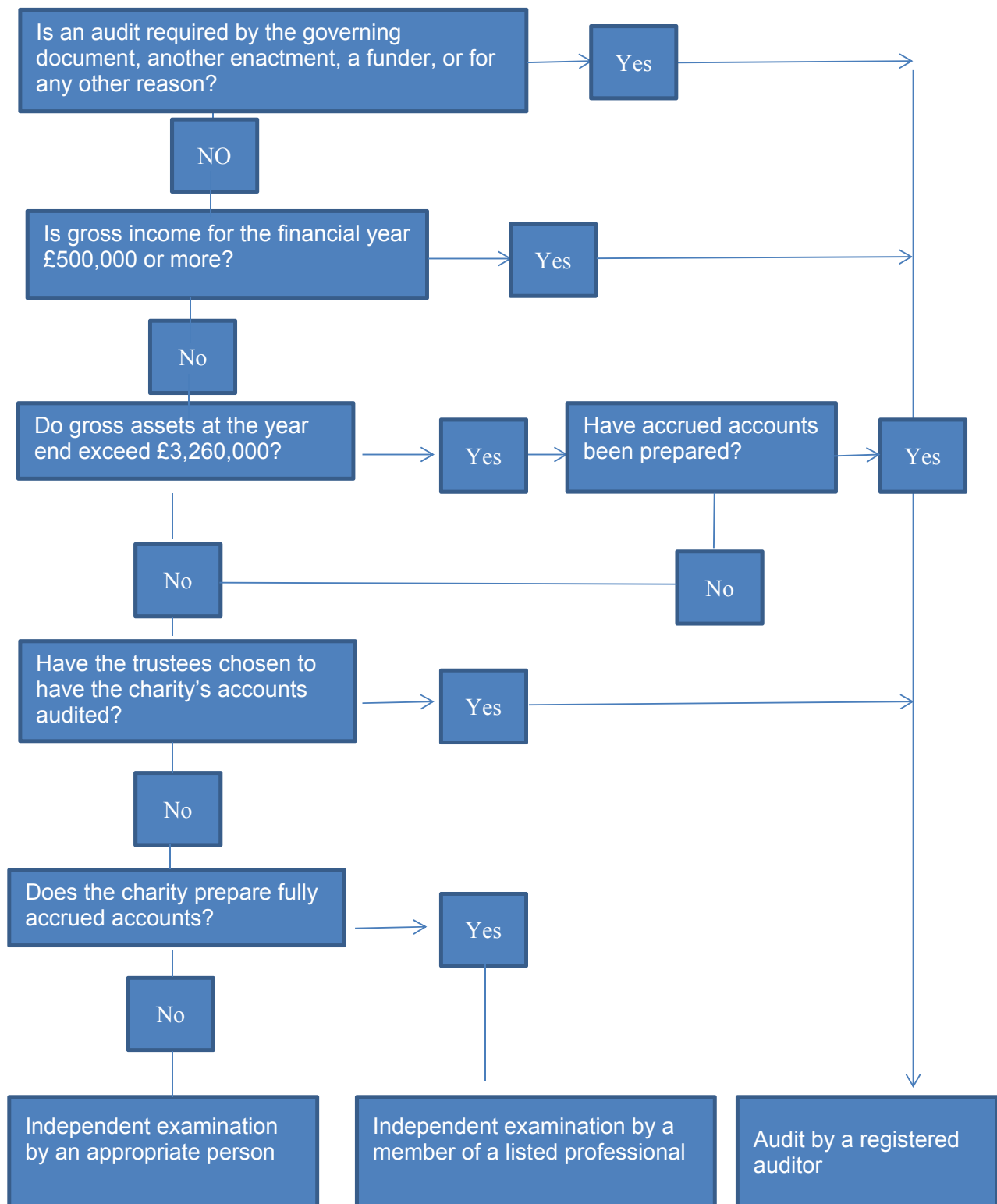
**Figure 8: Preparing Accounts for charities in Scotland**

#### 6.3.4.2 The external scrutiny of charity accounts

The appropriateness of an external scrutiny for a charity depends on; any audit requirement in the constitution or governing document of the charity, if the charity takes a form of company, the charity's gross income and the value of assets held for the accounting period, and if charity trustees made a decision to carry out an audit. There are two main external audits that charities are subject to: independent examination and audit.

<sup>16</sup> Adapted from; Scottish Charity Accounts; An Updated Guide to the 2006 Regulations OSCR, 2011, p 9

Figure 9, below, shows the different procedures and requirements for the external scrutiny of charity accounts.



**Figure 9: Procedures & requirements for external scrutiny of charity accounts**

#### 6.4 Islamic charity sector in Scotland

Islamic charities are seen as independent civil society organisations and also as the “social basis for Islamic political opposition” (Pioppi, 2004). The emergence of Islamic charities during the past four decades was seen as a result of the state’s retreat from welfare programmes in many Muslim countries. In addition, Pioppi (2004) claims that the decline of the public sector dominance of the economy supported the rise of Islamic charities. The charities’ practices are influenced by culture and differ across different cultural zones of the Islamic world (Alam, 2010). In some Muslim countries, there have been fights between states, the elite and other groups in society to control charities for social and economic power (Bremer, 2004). Although there were different practices of Islamic charities over the past two decades, the practices were characterised by state attempts to reduce their influence and replace them with state-run charities (Bremer, 2004).

In some countries, *Waqf* institutions were nationalised e.g. Pakistan in 1978, which established a state-run system for *zakah* (Bremer, 2004). In Egypt, Turkey and British India, according to (Bremer, 2004, 15), “*awqaf* become an important battleground in the struggle for power between a centralised, top-down state, on one side, and the decentralised power of the *ulema* and local nobles on the other”. This was not the case in Scotland, but struggle over power might exist on different levels; for instance, there could be a struggle over power between Muslim ethnic groups, religious schools (*math’habs*), generations, and gender or even being used as a political tool in other Muslim countries. The researcher could not find any literature on Islamic charities in Scotland, their emergence and development, so more exploration and investigation is intended in the next chapter of the roles that Islamic charities play in society. As Muslims became more rooted in British society, they realised their need for organisations that look after religious issues such as *Zakah*, *Haj*, and *qurbani* therefore, number of organisations that focus on welfare, social and cultural services emerged e.g. Islamic Relief in 1984, and Muslim Aid in 1985. These organisations provide “food, medicine and clothing, orphan sponsorship, schools, material assistance and medical care” for the needy, e.g. refugees (Ansari, 2004, p. 366).

In Scotland, from the constitutions and governing documents of Islamic charities, it can be seen there are some Islamic charities that target particular ethnic groups, religious schools, gender, and beneficiaries, which reflect the diversity of their purposes. This, on the other hand, shows the particularity in their objectives that focus on a particular Islamic community rather than the universal or national Islamic community. In addition, the

majority of Islamic charities in Scotland focus on local community that is linked with territory e.g. specific city or area. The funding sources of Islamic charities seem to be mainly from local communities. There are, however, some charities that are supported by other countries or foreign organisations e.g. specific ethnic or clan minorities. The total charity sector income in Scotland was £4.9bn in 2013<sup>17</sup>, while the Islamic charities sector total income was about £124 million in 2013, according to OSCR. This comprised about 2.5% of the total Scottish charity sector income. This small size of the Islamic charity sector in Scotland reflects its reliance on donations and support from local community members, local businesses and working class people. Although charity in Islam can be material or monetary, as well as helping hands (Singer, 2013), charity in Scotland seems to rely much more on the monetary form. Overall conclusions on Islamic charities in Scotland could not be made because of the lack of studies in this field.

In order to strengthen the Islamic charitable sector in general, Bremer (2004), suggested putting forward charities as core institution for social justice, addressing governance issues, and promoting reform in terms of democratic agenda for charities. The next two chapters investigate these issues within Islamic charities in Scotland. In-depth insights are gained from content analysis of charities' accounts and reports, as well as websites and social media. There are also semi-structured interviews which were conducted with a diverse selection of stakeholder groups in the sector. Although a few of the Islamic charities in Scotland are branches of national or international charities or other organisations, the majority are local-tendency charities serving local communities. Charities in Scotland cannot take other forms that are common in some Islamic countries such as *waqf* as it has to be in line with the Scottish charity legal system. Islamic charities in Scotland share the same character with the majority of Scottish charities in being small. Furthermore, it was noticed that although Islamic charities in Scotland have their local tendency, they also connected with the worldwide Muslim communities by supporting them, as well as being affected by international events and politics such as the 11/9 aftermath in the USA. Islamic charities can reach a larger audience by using the internet and also engage with the communities they conduct their activities within. In addition, they are able to generate more donations even from overseas. Mutual consultation and engagement with the community can be brought into the internet realm, such as

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<sup>17</sup> According to Scottish Council for Voluntary Organisations (SCVO)'s website accessed 19/3/2015 <http://www.scvo.org.uk/media-release/charity-sector-income-grows-to-5bn/>

chatrooms, and social media. The internet is seen as a platform of dialogue (Ansari, 2004), and can be used by charities to empower lost voices and marginalised groups of Islamic communities, such as women, who feel “excluded from traditional channels of self-expression” (Ansari, 2004, p. 401). Also the internet can open discussion between Muslims and non-Muslims, Islamic charities and wider stakeholder groups.

## **6.5 Conclusion**

The above discussion shows the Scottish context is particular on a number of levels: firstly, the country context level, in the uniqueness of Scottish politics, education, socio-economic profile, charity regulations and national identity. The second level is in terms of the particular experience and practices of the Muslim community in Scotland, which are different to its counterparts in other British nations e.g. England. This difference is related to the history and development of Muslim communities in Scotland over time. For instance, most of this migration was labour-driven, while in England, for example, there are many Muslim communities who migrated to England because of political conflicts and war, e.g. Iraqis, Afghans, and Somalis. In addition, the diversity of ethnic identities among Muslim communities in England is greater than in Scotland. The third level is the uniqueness of the governance of the charitable sector in Scotland, and related legislations. While in England and Wales, the charitable sector is regulated by the Charity Commission, and in Northern Ireland is regulated by The Charity Commission of Northern Ireland, the sector in Scotland is regulated by OSCR. In addition, the charity sector in Scotland is relatively smaller than its counterparts in other UK countries such as England.

From the literature review chapter, it was concluded that Scottish charitable sector was marginalised to some extent in the main stream literature, with some exceptions ( e.g. Crawford et al., 2009). Moreover, Islamic charities in Scotland were neglected, even in studies that focused on Scottish charitable sector (Crawford et al., 2009). This chapter has shown the particularity of Islamic charities in Scotland, in terms of formation, development, governance, and socio-political context. The particularity of charity formation in Scotland is to help disadvantaged people in the community and promote a better life. These Islamic communities in Scotland have experienced circumstances that have not been experienced elsewhere by other Muslims in the UK. These communities are characterised by big household size, high unemployment rate, and poorer health and education compared to the average national levels. In addition, the emergence of these



charities was rooted in the history of the migration of Muslim communities to Scotland. Socio-economic factors also pushed towards this emergence of Islamic charities in Scotland, as the immigration of the majority of the Muslim community in Scotland was labour-led. This labour was affected by the decline of some industries in the middle of the twentieth century. Therefore, these charities emerged and developed in order to help the local disadvantaged Muslim communities that feel otherness and difference. It was noticed that Islamic charities in Scotland also reflect the diversity of Muslim communities in terms of ethnic as well as *mathhab* (clan) identities.

## **Chapter 7: Accountability in Islamic charities; evidence from content analysis**

### **7.1 Procedures of the method**

As discussed above, a pilot sample was selected with already identified categories for reliability. The researcher added another three categories, which were already identified in the literature (Ebrahim, 2003). OSCR and charities were contacted by emails and letters (over 100 letters were posted to charities) requiring the listed data. Data from websites and social media accounts was captured as pdf files by specialised software (NVivo 10).

#### **7.1.1 Coding structure**

This study adopts data classification from well-grounded relevant literature and which had been by some studies in the charity accountability field of research (e.g. Crawford et al., 2009; Yasmin et al., 2013). SORP (2005) categories were adopted for classification of data, in order to capture accountability-related information disclosed by Islamic charities in Scotland to measure the extent of compliance with regulatory requirements. Also, SORP (2005) classification was adopted as "it was thought that charities would be most likely to use this structure for their reporting practice" (Crawford et al., 2009, p. 45). In addition, Yasmin et al. (2013) found that content analysis did not explain communicated accountability practices by some Muslim charities under some SORP (2005) categories. This raised the need for more related categories for Islamic charities in order to understand accountability practices in their context. Thus the researcher also added six other categories that are relevant to the study and well-grounded in relevant literature and theory (e.g. Haniffa and Hudaib, 2007; Kamla and Rammal, 2013). These are; reference to *shariah*; *Zakah/sadakah* collection/distribution; Employees (and volunteers); Commitment to the community; Products and services and Participation and engagement. These added six categories also reflect the theoretical framework of the study that critiques standardisation and universalisation and, instead, believes in particularity, locality and subjectivity. Furthermore, these categories capture Islamic-values-related accountability disclosures neglected by the SORP (2005) set of categories.

**Table 14 The categories of study<sup>18</sup>**

Category	Description
<b>Administration, trustees and advisers</b>	<p>The name of the charity</p> <p>Any other name by which a charity makes itself known</p> <p>The charity registration number (or Scottish Charity Number) (if any)</p> <p>The company registration number (if applicable)</p> <p>The address of the principal office of the charity;</p> <p>The names of the charity's trustees or trustee(s) for the charity on the date the report was approved. (where any charity trustee is a body corporate, the names of the directors of that body corporate should also be provided)</p> <p>The names of any other person who served as a charity trustee in the financial year</p>
<b>Structure, governance and management</b>	<p>The nature of the governing document and how the charity is (or its trustees are) constituted</p> <p>The methods adopted for the recruitment and appointment of new trustees,</p>
<b>Objectives and activities</b>	<p>A summary of the objects of the charity as set out in its governing document.</p> <p>Summary of the main activities undertaken in relation to those objects.</p>
<b>Achievements and performance</b>	A summary of the main achievements of the charity during the year
<b>Financial reviews</b>	<p>Policy on reserves</p> <p>Details of any fund materially in deficit and the circumstances giving rise to the deficit and steps being taken to eliminate the deficit.</p>
<b>Plans for future periods</b>	Details about any plans for future periods
<b>Funds held on behalf of others</b>	<p>A description of the assets which they hold in this capacity.</p> <p>The name and objects of the charity (or charities) on whose behalf the assets are held and how this activity falls within their own objects.</p> <p>Details of the arrangements for safe custody and segregation of such assets from the charity's own assets.</p>
<b>Reference to <i>shariah</i></b>	Information about shariah, its sources, how it is interpreted and how the charity committed to shariah
<b><i>Zakah/sadakah</i> collection/distribution</b>	Information about zakah/sadakah and how it is collected and distributed

<sup>18</sup> Adopted from SORP (2005) and related literature.

<b>Employees (and volunteers)</b>	Information about employees and volunteers, the work environment, and employee's selection criteria
<b>Commitment to community</b>	Details on how the charity is being committed to the community.
<b>Products and services</b>	Details about any products and services that the charity provides to its beneficiaries
<b>Participation and engagement.</b>	The participation and engagement of the charity with the community and the community with the charity's activities

### 7.1.2 The units of analysis

Content analysis of annual reports, according to Guthrie and Abeysekera (2006), is “a technique for gathering data. It involves codifying qualitative and quantitative information into pre-defined categories in order to derive patterns in the presentation and reporting of information” (ibid., p. 120). Different units of analysis were used in order to measure the amount of disclosure in charities' annual reports, websites or other documents. Table 15 below shows some examples of the use of the content analysis method in accounting research in the charitable sector.

**Table 15: The use of content analysis method in the charitable sector research**

Study	Document analysed	Measurement unit		
		No of words	No of sentences	No of pages
<b>Jetty and Beatti (2009)</b>	Annual reports and annual reviews		•	
<b>Connolly and Dhanani (2009)</b>	Annual reports, annual reviews, and websites	•		
<b>Crawford et al. (2009)</b>	Annual reports and accounts			•
<b>Dhanani and Connolly (2012)</b>	Annual reports and annual reviews	•		
<b>Yasmin et al. (2013)</b>	Annual reports	•		

Many studies in the area of charity accounting used words, sentences or number of pages to count (measure) the disclosures. However, individual words, for Milne and Adler (1999, p. 243), have no meaning without a sentence or sentences for context. Measuring disclosure using sentences or number of sentences is seen by Milne and Adler (1999, p. 243) to be more reliable and meaningful. Also, Hackston and Milne (1996) claim that

number of sentences conveys meaning better than the meaning of individual words in isolation. In addition, there is another unit of analysis that used to count disclosure, which is the paragraph. According to Guthrie and Abeysekera (2006, p. 120), “the paragraph method is more appropriate than word count for drawing inferences from narrative statements, as the meaning is commonly established with paragraphs rather than through the reporting of a word or sentence”. This study adopts the latter method as the researcher believes the paragraph conveys meaning better than counting an individual word or a sentence.

### **7.1.3 Sample selection**

In terms of sampling in the area of content analysis, Berelson (1971, 174) advocates that “a small carefully chosen sample of the relevant content will produce just as valid results as the analysis of a great deal more and with the expenditure of much less time and efforts”. Most studies in the charity accounting area were conducted on charities in England and Wales e.g. (Connolly and Hyndman, 2000; Palmer et al., 2001; Dhanani, 2009), or Ireland (Connolly and Hyndman, 2004) which neglected the Scottish charitable sector, with some exceptions e.g. Crawford et al. (2009), who conducted their study on Scottish charities. Furthermore, most of the studies chose the sample on the basis of charity annual income (e.g. Hyndman, 1990; Connolly and Hyndman, 2004; Dhanani, 2009; Dhanani and Connolly, 2012), or fund type (Hyndman, 1990; Connolly and Hyndman, 2000, 2004;) with the exception of Yasmin et al. (2013), who conducted their study on faith-based charities. Their sample, however, was only from charities registered in England and Wales with the Charity Commission for England and Wales. In addition, charities with income less than £100,000 were excluded, as they were not required to comply with SORP requirements. Similarly, the sample of Crawford et al., (2009) was selected on the basis of charities’ annual income, which excluded charities with income less than £100,000 from their sample, as they were not required to produce SORP-compliant accounts, according to OSCR accounting and accountability requirements (Charities and Trustee Investment (Scotland) Act, 2005).

The population for this study consisted of Islamic charities registered with OSCR. Charities that had not submitted their accounts for the year-end 2011 or later were discounted as these accounts have been deleted in line with OSCR three-year retention policy. In addition, charities that had failed to respond or submit their accounts to OSCR in July 2014 (the date of data collection) were also discounted. In addition, new charities

that had not yet produced their annual reports/accounts were also discounted. From the Table 16 below, it can be noticed that most of the Islamic charities in Scotland had an annual income less than £100,000 (about 80%). This indicates that Islamic charities in Scotland were neglected from most, if not all, studies in the accounting field, as the mainstream charity accounting research has focused on charities with annual income of £100,000 and over (e.g. Connolly and Hyndman, 2000; Crawford et al., 2009; Yasmin et al., 2013).

**Table 16: Islamic charities in Scotland by annual income and constitutional form**

	Total	£0 – £24999	£25000- £99999	£100000- £249999	£250000- £499999	£500000 +
Number of charities	99	61	18	13	2	5
% of total sample	100%	62%	18%	13%	2%	5%
Excluded	22	21	1	0	0	0
Final sample	77	40	17	13	2	5
Company	15	4	3	4	2	2
Trust	16	9	4	2	0	1
Unincorporated association	46	27	10	7	0	2

It was also noticed that most of the Islamic charities in Scotland take the form of unincorporated associations (comprising about 60%), followed by trusts, with 20% and companies, with 19%. Furthermore, Islamic charities in Scotland are less likely to take the form of incorporated organisations. The constitutional form of a charity in Scotland may entitle charities to other accounting and accountability requirements, as discussed in the previous chapter. In addition, small charities comprise the majority of Islamic charities in Scotland, about 74% with annual income less than £100,000, followed by medium charities (20%), as Table 17 below shows. Moreover, Islamic charities in Scotland are less likely to be categorised as large charities (only 6%). In fact, 60% of the large Islamic charities are branches of other charities that are registered in England and Wales.

**Table 17: The final sample by size by constitutional form.**

	Total	£0 – £24999	£25000- £99999	£100000- £249999	£250000- £499999	£500000 +
Number of charities	77	40	17	13	2	5
% of total sample	100%	52%	22%	17%	3%	6%
Company	15	4	3	4	2	2
Trust	16	9	4	2	0	1
Unincorporated association	46	27	10	7	0	2

The charity's focus also has variations, as the majority of the sample were with a local focus tendency, comprising about 52% of the total sample, 14% focused on Scotland, 9% the UK and overseas, and 4% overseas only. 75% of the charities whose activities focus on the UK and overseas are branches of charities registered in England and Wales. This could have a link with Scottish Muslims' identity discussed in the previous chapter, as it has its impact on charities as well, as some charities have a Scottish local identity while other have British identity. Few of these charities seem to adopt the concept of worldwide Islamic *umma* to, therefore, have a worldwide focus. This characterises Islamic charities on Scotland in general as small charities taking the form of unincorporated associations with a local community focus.

**Table 18: The sample by constitutional form by geographical spread.**

	Total	Local	Scotland	UK and overseas	Overseas
Number of charities	77	52	11	11	3
% of total sample	100%	73%	14%	9%	4%
Company	15	8	4	3	0
Trust	16	10	3	2	1
Unincorporated association	46	34	4	6	2

Table 18 below shows that a total of 77 charities' annual reports were included in the analysis, with variations in charities forms, focus and income level. About 60% took unincorporated form, 21% were trusts, and 19% companies. Previous studies on charitable sector accountability seemed to focus on annual reports and accounts, while neglecting other tools and mechanisms that charities use to discharge their accountability to wider stakeholders, such as through social media.

**Table 19: The final sample data by constitutional form.**

	Total	Company	Unincorporated association	trust
Number of charities	77	15	46	16
% of total sample	100	19%	60%	21%
TAR <sup>19</sup>	77	15	46	16
IER <sup>20</sup>	77	15	46	16
Constitution	77	15	46	16
Website	27	6	18	3
Facebook page	15	3	10	2
Twitter account	10	5	4	1

Although annual reports are seen as an important medium for charities to discharge their accountability to the external users of their reports (Connolly and Hyndman, 2004), there are other mechanisms and mediums that charities can use as well. Annual reports are seen as an accountability mechanism for businesses (Unerman, 2000) and NGOs (Ebrahim, 2003), to discharge their accountability to the wider stakeholders and have a high degree of credibility (Unerman, 2000). There is, however, an argument made by Roberts (1991) that the exclusive focus on annual reports may result in an incomplete picture of disclosure practices. Furthermore, Zeghal and Ahmed (1990) point out that annual reports are not the only medium that a business can adopt for disclosure purposes; also other media are more suitable for some activities, which enable timely communication to a larger group of stakeholders. Also (Parker, 2005) suggests exploring disclosure using social media, particularly, internet based. Since the researcher must set a limit for the documents included in their study (Unerman, 2000), this study will consider a limited range of materials analysed in addition to annual reports.

Ansari (2004) highlighted the important of such media in communication within the Muslim community in the UK such as the digital *minbar* (platform), which is an indicator of their increasing importance nowadays. Furthermore, Curtis et al. (2010) found social media tools to be beneficial methods of communication with the public for the non-profit sector. Social media sites have become very popular sites, attracting more people (Gil de Zúñiga et al., 2012); for instance, Alexa<sup>21</sup>, a company that tracks web traffic ranked Facebook site as the second and Twitter the seventh most visited in the world in August 2014 (third and tenth in the UK respectively). Curtis et al., (2010) believe that the

<sup>19</sup> Trustees' Annual Report (make sure these are in your list of abbreviations in the contents).

<sup>20</sup> Independent Examiner's Report

<sup>21</sup> <http://www.alexa.com/>



adoption of social media tools as new technologies, enables the non-profit sector to engage with the public and these organisations can benefit from them due to the limited monetary resources. The adoption of the online community by organisations was also advocated by Ang (2011), as organisations can lower their cost-to-serve and community members can help each other. Also, the Internet is seen as a fast and easy information dissemination tool (Jose and Lee, 2007). These communication tools enable charities to engage with the public and encourage the public to engage with charities (Curtis et al., 2010). Over 35% of the total sample of Islamic charities in Scotland have websites, and about 32% have social media accounts.

In this study, trustees' annual report, independent examiner's reports, websites, and social media, were analysed. The study analyses data covering the most recent accounting period available to the researcher from either the charities or OSCR. In addition, the current websites and social media accounts were found. Data from the website and social media accounts was captured electronically by specialist software (Nvivo 10) as Portable Document Format (pdf) files. Microsoft Excel was also used to sort textual data into fields and make statistical calculations.

## **7.2 The data analysis**

### **7.2.1 Trustees annual reports and Independent Examiner's Reports**

Table 20 shows that Islamic charities in Scotland seem to disclose the most information on the Structure, governance and management, Financial reviews, and Administration, trustees and advisers categories respectively. In contrast, they also disclose less on the Reference to shariah, the Funds held on behalf of others and Plans for future periods categories. More importantly, there was no enough disclosure on the commitment to community, products and services and participation and engagement categories.

**Table 20; Final sample – number of paragraphs of disclosure**

Categories	Mean	Median	SD	Min	Max
Administration, trustees and advisers	13.6	11	8.14	5	30
Structure, governance and management	17.9	11.5	21.18	3	27
Objectives and activities	3.3	2.5	2.26	1	8
Achievements and performance	9.2	1	20.71	1	67
Financial reviews	16.8	11.5	13.55	2	41
Plans for future periods	1.3	0	20.05	0	3
Funds held on behalf of others	1.2	0.5	1.68	0	5
Reference to <i>shariah</i>	0.2	0	0.63	0	2
<i>Zakah/sadakah</i> collection/distribution	2	0	0.42	0	1
Employees (and volunteers)	0.1	0	0.31	0	1
Commitment to community	0	0	0	0	0
Products and services	0	0	0	0	0
Participation and engagement.	0	0	0	0	0

This seems to be due to the focus of the report preparers on SORP 2005 compliance rather than incorporating Islamic values which was found in the literature. These categories could be accounted for by other accountability mechanisms such as websites and social media. They still, however, should be disclosed in the annual reports at least. It was also noticed that there were variations in the number of paragraphs of disclosure (minimum and maximum), especially the first five categories excluding the third category.

**Table 21: Analysis of ARs & IERs by number of paragraphs by charity size**

Total	Mean	Median
£0-£24999	32.3	24
£25000-£99,999	27.98	26
£100,000-£249,999	104	104
£250,000-£499,999	0	0
£500,000+	113.63	72

Table 21 above, shows the volume of accountability-related disclosure by charity size. The data reflected variations in the disclosure among charity size, as it seems charity size does not have great influence on accountability related disclosure by Islamic charities in Scotland. Disclosure by a number of paragraphs, however, indicates that medium and large charities disclose more than small charities, which is understandable in view of the fact that larger charities produce larger annual reports than smaller charities. In contrast with the above statement, small and medium charities seem to disclose more as a percentage from the total report, as small charities produce shorter reports compared to the larger charities.

**Table 22: Analysis of ARs & IERs by number of paragraphs by charity type**

Total	Mean	Median
<b>Company</b>	130.31	104
<b>Trust</b>	52	52
<b>Unincorporated association</b>	32.47	24.5

Table 22 above shows that charities that take the form of a company seem to disclose more than other charity forms, which may be seen in the light of the extra disclosure requirements by the Companies Act. Even when the disclosure is coded as a percentage from the total paragraphs, charities in company form still seem to disclose more, while trusts and unincorporated associations disclose almost equally.

**Table 23: Analysis of ARs & IERs by number of paragraphs by charity focus**

Charity focus	Mean	Median
<b>Local</b>	24.75	23
<b>Scotland</b>	60.99	57
<b>Overseas</b>	71	69
<b>UK and Overseas</b>	143.5	143.5

Table 23 above, shows that charities focused on the UK and overseas disclose more than other charities, while charities with local focus disclose less than the rest of charities. In contrast, local and Scotland focus charities, disclose more as a percentage of the total paragraphs in their annual reports, whereas charities with the UK and overseas focus disclose less information in their annual reports. The language used in TRs is official, and these reports seem to be prepared for regulators rather than addressed to the wider

stakeholders, as they avoid the use of some common terms in Islam, such as *zakah* and *saddakah* and instead, they adopt the English equivalent term (donation). Overall, Islamic charities in Scotland seemed to adopt SORP (2005), as the reports generally adopted a similar layout.

### **7.2.2 Analysis of websites**

Websites are used as a medium communication tool between charities and their communities. They inform their website visitors of services, events and announcements, for example, as stated by Islamic Academy of Scotland: “the Academy’s website was launched to help people stay connected with the services of the IAS in the internet age. As well as up to date news on IAS events and services, the site will also offer audio lectures and a range of Islamic resources”.

The layout of the majority of Islamic charities’ websites includes an About Us section, Services, and Contact us. Many of these websites provide prayer times for local areas they operate in, the start and end of the fasting month (Ramadan) and Islamic festivals such as Eid. With acknowledgement, that there was some disclosure related to activities and performance, products and services, but not annual reports and accounts, for instance, available on the websites with some exceptions. In addition, there were some websites un-updated, static and with very limited information.

The majority of websites have online donation features and encouraged visitors to donate, but with no disclosure on how the money was collected and spent. Some charities provide the choice to donate to specific activities or to fund a particular project, but many charities do not give a choice for donors to choose what to support. In addition, some charities differentiate between *zakah* payments and other donations as *zakah* has particular beneficiaries stated in Quran (see previous chapters). In addition, the analysis of these websites found that some donations were in support of local activities, while others were for worldwide activities. The majority of donations, however, were stated as being to fund local activities such as building mosques, and training needy people. Some charities adopt the post-modern philosophy in their vision and values and incorporate them with Islamic values, such as multiculturalism, post-orientalist, feminism and post-feminism. A charity stated on its website;

“As a unique academic post-orientalist college that is working to serve the communities and to promote a greater understanding of different religions and

cultures, multiculturalism is at the heart of (Charity name) vision and structure, and is to be practically implemented in all aspects of its work”. Al-maktum College

This was also seen in terms of marginalised communities and groups within the Muslim community in Scotland. Converted Muslims, for instance, are seen as a marginalised Muslim group who should be given a voice. Within this respect, Edinburgh Muslim Community Association stated: "regarding the needs of Muslims, we are particularly concerned that convert Muslims.... have no voice or organisation in Scotland reflecting their particular needs". The aim of the website was explained by a charity as "Welcome to our web-site, we hope you will find it both informative and helpful in your understanding of Islam, as well as give you a brief insight in to the aims of (charity name)" Dunfermline Islamic Centre's website. This seems to focus on providing information about Islam and helping with Islamic-related issues. Information about the charity's activities, performance and achievements, for instance, seem to be neglected or given less attention.

The Services section in many charities websites includes, marriage, and funeral services, as well as New to Islam sections that might be of particular to charities that operate in a non-Islamic environment. Islamic charities with a local focus are more likely to offer these services on their websites, while charities with overseas focus have a tendency to offer services of other kinds, such as adoption of orphans, *qurbani*, and refugees in war times. These services are an indicator of the commitment to the community; charities, however, should be accountable to their communities by disclosing more information about these services, for instance, the output of these services: how many marriages were supported and how, and the response time for the funerals and the cost of funeral services. There were some features offered by most of Islamic charities' websites encouraging visitors to engage with them, such as a Contact us section which in many websites offered different ways to contact charities by providing their fiscal address, phone numbers, emails, and contact-us forms. This feature's efficiency as a communication channel, however, depends on the response of charities and how useful and informative the response is, as, from the personal experience of the researcher, there was a very limited response from the charities via email. Future research could explore and investigate this issue further, as it is beyond the scope of this study. Some charities also have newsletters and invite visitors to register their emails in the charities' mailing lists. This could be seen

as an environment-friendly method of communication as well low-cost-to-serve periodical communication. Although providing periodical information in different formats would be seen as informing the wider stakeholder base, one could not draw conclusions in this regard, as further analysis is needed, for the content of these materials, how often they are communicated, and what they included and excluded.

**Table 24: Analysis of websites by number of paragraphs by charity size**

Income size	Main	Median
£0-£24999	72.33	53
£25000-£99,999	152.25	148.5
£100,000-£249,999	220.5	220.5
£250,000-£499,999	113	113
£500,000+	14.99	0

The community concept came in different meanings and under several terms: Scottish Muslims, Asian Muslim community, Muslim Asian women. Some charities went beyond the Muslim community to include non-Muslims as part of their community. In addition, some charities provided information for non-Muslims on their websites and invited them to visit their mosques. This shows the engagement of charities with the wider community in their localities. The engagement with non-Muslims, however, takes the form of engagement and communication with the (other) rather than considering them as (self). This could be seen in the discourse and rhetoric of these charities on their websites.

Some charities use their website as a mosque website, as for many of Islamic charities in Scotland the mosque is an important channel for delivering their services to the community. This finding is in line with what was found in the previous chapter, as the mosque for Muslims in non-Muslim countries, is more than a place for prayer and worship. It is seen as a community centre where culture is lived, and language learnt. Some charities' websites offer their visitors the option of sharing features for news, activities, appeals, etc. via social media or email to a friend. This makes the material easily shared, which lead to increasing community engagement and participation in the charities and their activities.

**Table 25: Analysis of websites by number of paragraphs by charity focus**

	MAIN	MEDIAN
Local	24.75	23
Scotland	60.99	57
Overseas	71	69
UK and Overseas	143.5	143.5

The co-existing identities of Muslims in Scotland, as discussed earlier in previous chapters, was witnessed on some charities' websites. Edinburgh Muslim Community Association argued "quite often we are faced with the challenge of trying to differentiate between the 'cultural' and the 'religious' aspects of the Islamic faith. This is mostly due to the fact that our perception of the Islamic faith is normally through the culture of the person presenting Islam to us". One charity (Inverness Masjid) published the Scottish flag with the Arabic word for Allah in the middle reflecting their co-exciting identity as Scot and a Muslim at the same time.



**Figure 10: The Scottish flag and the Arabic word of Allah with Islamic Art.**

This could be seen as a hyper-reality of Islamic charities in Scotland, as they have the hyper-identity of Islamic, Scottish, British, ethnic, and linguistic identities. This diversity reflects the particularity of the context that these Islamic charities operate in, which might not be witnessed in many Islamic charities, especially those that operate in a fully Islamic environment. This has led the charities to adopt particular accountability practices, by disclosing information in different languages, inviting the surrounding non-Muslim community to engage with them and encouraging them to get to know more about Islam and also differentiating between their understandings of Islam rather than other worldwide practices such as the ISIS<sup>22</sup> group.

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<sup>22</sup> Islamic State of Iraq and Syria

Muslim communities in Scotland face problems that might not be faced by communities living in fully Islamic countries or in countries that have a Muslim majority. For instance, Edinburgh Muslim Community Association on its website named a number of problems that concerns Muslims in Scotland: “our primary concern is for our own community, who face many problems such as: Islamophobia, racism, discrimination, forced marriages, domestic violence, mental health and identity issues, and unemployment to name a few”. The emphasis on the *umma* concept as a local community and also as a particular Islamic school of thought community also was found on some websites. A charity claimed that one of its objectives was “to promote and advance the religious and cultural education of Muslims according to the Ahle-Sunna-Wal Jama’t Hanafi Barelvi school of thought in the City of Dunfermline and surrounding areas” Dunfermline Islamic Centre website. Local non-Muslim communities are also of interest of Islamic charities and these were given room on their websites to interact with them in different ways:

“The Interfaith Department manages many areas such as group visits, training for Non-Muslim Professionals, consultation with Government/Non-Government organisations on Race Relations, meetings with the Police, MP’s, Councillors on Race relations, and lectures and conferences on Islam in Universities, colleges, schools, Churches and Synagogues etc.” Dunfermline Islamic Centre website

Although Islamic charities seemed to interact with local non-Muslim communities, these communities are seen as others in the Islamic charities’ discourse. One of the Islamic charities stated on its website: the charity’s “aims are to establish a link between the Scottish Muslim community and the general public, provide practical assistance, care and promote unity in society” Edinburgh Muslim Community Association. Within this particular statement, there was an emphasis on Muslims in Scotland as being one community and this community is called ‘the Scottish Muslim community’, which brings the issue of identity into the discussion. This ‘Scottish Muslim community’ is distinguished from the wider British Muslim community, at least, and not to mention the worldwide *umma*. Furthermore, while the charity advocated prompting the unity of the wider Scottish society, it still appreciated the difference and the particularity of Muslim community within this wider Scottish society. This appreciation makes Islamic charities in Scotland accountable to both; the particular ‘Scottish Muslim community’ and the (‘other’,) non-Muslim, communities or the wider Scottish society that they operate within. In general, most of the charities seemed to focus on the local, ethnic and/or linguistic community rather than the worldwide Muslim community. Some websites were



designed to allow visitors to explore them in some languages apart from English, for instance, Arabic and Urdu. In addition, some charities provide some materials; talks, videos, newsletters, and books in different languages, which indicates that they are targeting or privileging a specific linguistic community(s) over others. For example, a charity was “constituted in 1987 for the purpose of providing after school education, primarily Urdu and Arabic.” BMACC.

There was little information about accountability-related consultation and engagement on Islamic charities' websites. Many of these websites were static. Therefore, timing interactive and engagement by the wider community, was not possible. There was little, if any, mention given to the views of the community and how the Islamic charities responded to these views. Visitors to these websites were encouraged to donate generously but, on the other hand, were not encouraged to give views or participate in decision-making processes. Moreover, there was limited mention and disclosure on charities' websites about the generated money and how it was spent and when.

Some charities disclosed information on committees within their governance structure and called their members “*shura* member”. This could be seen as a level of consultation (*shura*) within the charity (upward *shura*), there was, however, no evidence for downward consultation with beneficiaries, volunteers, imams, and the wider community. Moreover, one of the findings of analysing the content of charities websites was the terminology used, as a medium to communicate with their stakeholders, which is quite different with the one used in trustees' annual reports. For instance, Islamic Academy of Scotland stated on its website, “One of the Academy's priorities is to open Madrassahs in areas deprived of such facilities”. In addition, the term “*nikah*”, which means marriage, has been used as one of the services some charities provide to their local Muslim communities. The use of the terms “*Madrassahs* and *Nikah*” might be understandable by the majority, if not all, of Muslims but not to non-Muslims. This indicates the existence of a number of discourses: one targets the regulators, the second targets the non-Muslims (both are seen as ‘others’), and the third is purposed for Muslim communities.

Future studies could investigate the engagement level of visitors of Islamic charities' websites. This could be done through indicators such as the number of website visitors, the frequency of sharing website materials, number of emails in mailing lists, number of pages explored by a visit, time spent on the website/ specific section/ particular page(s) and geographical spread of visitors.

**Table 26: Analysis of websites by number of paragraphs by charity type**

Charity type	Main	Median
<b>Company</b>	144.29	93
<b>Trust</b>	80.64	44
<b>Unincorporated association</b>	59.69	55

Islamic values were incorporated in some charities' websites, for instance, the notion of volunteering at Islamic charities is religiously rooted, motivated and encouraged by Islamic values. One charity, when seeking volunteers, published on its website a quotation from the Quran; "O you who believe, if you will help (the religion prescribed by) Allah, He will help you and will stabilize your footings" (Al Quran, surah Muhammad; 7). For teaching Quran to children, an Islamic charity included general guidelines to the required volunteer as:

"All qualified individuals are welcome and invited to volunteer as teachers. Potential teachers typically undergo a selection session where Quran recitation, teaching experience, and other essential skills are tested. The teachers are then requested to give a preference as to which age-group they would like to teach. They are also invited to apply for a Criminal Records Bureau check and also state if they have First aid skills. Teachers are then selected accordingly by the co-ordinator." Aberdeen Mosque and Islamic Centre's website

It was not clear; however, what were the essential and preferred skills. Some charities provide information about employees and volunteers, their skills, contact details, and responsibilities. This, however, was not the case in the majority of Islamic charities. In addition, the workplace environment attracted less attention from Islamic charities. Some Islamic charities linked their social media accounts to their websites so that visitors can get timing information about activities, events, announcements, and appeals and as a result get timing engagement. The timing information facility, however, was not used and neglected in many cases, for instance, it should have been used by charities that were involved in interest transactions, lottery funding, to give information on the time the transaction/event took place explaining why such a thing happened and what the charity will do.

### 7.2.3 Analysis of social media

Social media are more dynamic than websites and represent a new technology of communication. The social media was used by Islamic charities as a tool for reporting and engagement with their wider stakeholder groups. One of the features that social media offered to these Islamic charities in Scotland was time and space. Posts and tweets can be seen on mobile devices such as smart mobile phones and tablets anywhere. Users can engage in time with charities by reply, share, re-tweet, and confirm their attendance of an event. These features are not available in annual reports or even websites. Although the researcher found many Facebook pages and twitter accounts that claim they represent an Islamic charity in Scotland, the researcher collected social media data from Facebook pages, and twitter accounts that either were sent as a link by emails/letters by charities, or charities on their official websites provided links to their social media.

#### **Analysis of websites by number of paragraphs by charity size**

After analysing data collected from charities' websites, the study found that medium-sized charities disclose more on their websites than other charities. More importantly, small charities seem to use their websites to disclose information more than larger charities do (see Table 27 below). It is important that further investigation should be carried out in order to evaluate the quality of the information disclosed. Furthermore, some charities, which seem to disclose more, sometimes relay it on static websites, on which most of its information is not updated on a regular basis.

**Table 27: Analysis of social media by number of paragraphs by charity size**

Income size	Main	Median
£0-£24999	72.33	53
£25000-£99,999	152.25	148.5
£100,000-£249,999	220.5	220.5
£250,000-£499,999	113	113
£500,000+	14.99	0

#### **Analysis of social media by number of paragraphs by charity focus**

Charities engage with the local community by posting announcements about marriage events, the death of individuals, asking for *du'a* (prayer) for people who are ill and congratulate their communities at the times of Islamic festivals e.g. Eid. This reflects the closeness of these charities to their local community and the participation in their life in different ways, not only through charity work and donations but also on the spiritual level

of commitment. These posts, by some Islamic charities on social media, reflect the hyper-reality concept regarding the *umma* principle. This could be seen in posts that target racial *umma*, linguistic *umma*, local *umma*, worldwide *umma* and Muslim Scottish *umma*. In terms of language as an identity component, a charity announced an event on its social media account as: “This is a 10-week course, with just over 2 hours per session, delivered in Urdu” (Iqra academy Edinburgh). In another post “The talk will be English and Arabic and will take place at Iqra Academy 4.30-6.30pm. All welcome”. Other posts focus on the British identity “Noor Inayat Khan: remembering Britain's Muslim war heroine”. Charities showed commitment to their communities on different ways. Commitment to the Muslim community, as posted by a charity: “May Allah unite our hearts, and the hearts of every Muslim, and keep them united. May our love for each other grow to reveal the true beauty of Islam” Glasgow central mosque.

Donations and support come from the local community as a charity stated on its social media: "As you will all recall the last ramadhan we were actively fundraising from our worshipers, since then the central heating boiler system was completely renewed with installation of 5 energy efficient boilers with a state of the art computer control system" Glasgow Central Mosque. Charities also committed to their local communities by providing them with announcements and services, such as a prayer timetable and the start and end of the fasting month (Ramadan). These services are not provided even nationally for Muslims in Scotland or the UK. Commitment to a specific linguistic community is also found in some charities' services and communication: as a charity stated: Everyone is invited to the Seerah Conference in Urdu today at 6 pm till Isha. Brothers and sisters welcome. Food will be served” Glasgow central mosque. This means that non-Urdu speakers were not targeted by this event. This sheds light on the diversity of the Muslim community in Scotland and the importance of language as a vehicle for some services that charities provide for their communities.

With regard to the references to non-Muslims, another charity stated:

“Our Poverty Relief project distributed over 100 food packs today. Unfortunately, we still had to turn away some people empty handed; these are undoubtedly the poorest people in Glasgow. Our community needs to be the foremost in good deeds such as this-no one left empty handed from the Prophet Muhammad, peace and blessings be upon him. So please get in touch as we urgently need people to donate.”

The charity considered local non-Muslims as part of the community in this project, which reflects the hyper-reality of the community for these charities. This also was found in the website analysis section above as some charities allocate a special section on their websites for non-Muslims and offering them visits to their mosques and community centres. Another statement announced: “the Scottish Muslim community unequivocally condemns the barbaric actions of IS (formerly known as ISIS)”. Commitment to non-Muslim local community is shown in this posting:

“We are deeply saddened by last night's helicopter crash incident which occurred directly across the River Clyde from us. Our thoughts and prayers are with the victims and their families. We offered emergency services our full support in terms of facilities and volunteers to assist in any way required, either directly with the rescue effort or with ancillary efforts” Glasgow central mosque.

Another charity stated: “to all invited guests - please remember to invite your friends and family, Muslim and non-Muslim, to this event so they can book it in their diaries” Highland central mosque. The interplay of ‘self’ and ‘otherness’ can be witnessed in the Islamic Charities’ rhetoric, as a Muslim women charity posted: “Anam Cara Open Circle (for Muslims and friends) gathering will be on TODAY...” here the emphasis may reflect the otherness of non-Muslims to this charity. This otherness, however, could be witnessed in some case when talking about Muslim men, as in one post it was stated by the same charity: “Thank you to all the ladies (and brothers) who worked so hard organising and welcoming sisters and children to today's Meals on Me fundraiser.” Muslim women’s association of Edinburgh. Some posts neglect the ‘other’ and focus only on the female community or main beneficiaries of the charity e.g. “Salaam Sisters! InshAllah our ... Toddler group will be starting up again after the half term”. A charity promoted for an event regarding Scottish referendum; “undecided Asian voter”. This is seen in line with the racial community as it targets a particular race. Some charities also showed their support for their community and supported green campaigns for the environment, as posted by one charity: “green campaign for mosques and the environment” Inverness masjid highland central mosque. In general, the meaning of the term ‘community’ was used to express different meanings: local Muslim community, Scottish Muslims, the worldwide Muslim community, local community (including non-Muslims).

**Table 28: Analysis of social media by number of paragraphs by charity focus**

Charity focus	MAIN	MEDIAN
<b>Local</b>	24.75	23
<b>Scotland</b>	60.99	57
<b>Overseas</b>	71	69
<b>UK and Overseas</b>	143.5	143.5

### **Analysis of social media by number of paragraphs by charity type**

Charities which took the company form were disclosing information on their websites more than other charity types. This confirms the finding in an earlier section of this analysis as companies are required by law to disclose particular information. This was followed by trust charities and unincorporated associations slightly less than trusts (see Table 29 below).

**Table 29: Analysis of social media by number of paragraphs by charity type**

Charity type	Main	Median
<b>Company</b>	144.29	93
<b>Trust</b>	80.64	44
<b>Unincorporated association</b>	59.69	55

#### **6.2.4 Total sample**

Islamic charities seemed to use social media for timing engagement with the wider community on different events and dimensions. Political engagement, for instance, was also witnessed on Islamic charities' social media, when a charity posted: "Referendum voting day has finally arrived on Thursday 18th September 2014. Polling stations will be open from 7 am to 10 pm", and "you are all urged to go out and vote to make your voices heard in this referendum. The turnout is expected to be a record level so please engage in the process as it counts for your future". Another Islamic charity's spokesperson outlined the Muslim participation in the Scottish referendum took place in Sep 2014 as:

"I am so glad that Scottish Muslims played their part with so much enthusiasm. Muslims were involved in both the Yes and No campaigns, and Scottish mosques and Muslim associations played their part in hosting debates and hustings for both sides. We are mindful that there were strong passions during this debate, and a strong interest in the political life of our

country, particularly amongst our young people. It is important that we keep that spirit alive in the months and years to come. As our politicians decide how best to devolve more power to Scotland, they need not reminding of the pledge they have made to make politics more relevant to all of the people of the United Kingdom." Muslim Council of Scotland

And just before the result of the referendum was announced “please keep in mind that whatever the result, we will still all be living in harmony side by side as one big family inshallah” Glasgow Central Mosque. Islamic mosques in Scotland, as discussed elsewhere in this thesis, are seen as community and cultural centres not only places of worship.

**Table 30; Total sample - Number of paragraphs of disclosure by category**

Categories	Mean	Median	SD	Min	Max
Administration, trustees and advisers	0	0	1.24	0	5
Structure, governance and management	2	1	2.86	0	10
Objectives and activities	57	49	64.1	0	264
Achievements and performance	3	0	4.32	0	16
Financial reviews	0	0	0	0	0
Plans for future periods	0	0	0	0	0
Funds held on behalf of others	0	0	0	0	0
Reference to <i>shariah</i>	5	2	4.85	0	25
<i>Zakah/sadakah</i> collection/distribution	8	2	8.42	0	40
Employees (and volunteers)	0	0	0	0	0
Commitment to community	3	0	2.66	0	15
Products and services	9	5	8.9	0	40
Participation and engagement.	8	1	8.14	0	58

**Table 31: Total sample analysis**

Categories	TARs			Websites			Social media		
	Mean	Median	SD	Mean	Median	SD	Mean	Median	SD
Administration, trustees and advisers	13.6	11	8.14	1.7	0	2.41	0	0	1.24
Structure, governance and management	17.9	11.5	21.18	1.18	0	1.49	2	1	2.86
Objectives and activities	3.3	2.5	2.26	4.51	0	7.10	57	49	64.1
Achievements and performance	9.2	1	20.71	3.33	0	7.52	3	0	4.32
Financial reviews	16.8	11.5	13.55	0	0	0	0	0	0
Plans for future periods	1.3	0	20.05	0.11	0	0.42	0	0	0
Funds held on behalf of others	1.2	0.5	1.68	0	0	0	0	0	0
Reference to <i>shariah</i>	0.2	0	0.63	1.88	0	4.87	5	2	4.85
<i>Zakah/sadakah</i> collection/distribution	2	0	0.42	7.4	3	10.05	8	2	8.42
Employees (and volunteers)	0.1	0	0.31	0.55	0	1.86	0	0	0
Commitment to community	0	0	0	1.88	0	3.10	3	0	2.66
Products and services	0	0	0	3.74	1	6.30	9	5	8.9
Participation and engagement.	0	0	0	1.88	0	5.94	8	1	8.14



The commitment to the wider Scottish community is also witnessed in the event of the murder of David Haines; "as Scottish Muslims, we are united in our condemnation of the murder of fellow Scot, David Haines. Our deepest condolences, thoughts and prayers go out to the friends and family of Mr Haines". A post by an Islamic charity in Scotland was: "do they know it's Christmas time? Of course, we do, have a safe and joyous Christmas." This reflects the level of engagement between these charities and the social environment they operate within. which might be different than in other Muslim countries or countries with Muslim majority. There was also an engagement by some charities with political worldwide views and public figures in politics that they believe they share similar values regarding religious and racial harmony, freedom and dignity:

"Please take a moment to remember the late Nelson Mandela - a true champion for peace, human dignity and freedom, and for religious and racial harmony. All of us are living in a better world today because of the inspirational life that Mandela lived. So let us pay tribute to his legacy" WEC. Also "take these very easy 7 steps to help your brothers and sisters in Gaza" Glasgow Central Mosque.

Participation was sometimes, however, subject to being a member of a charity not only a member of the community, to be heard, as a charity posted:

"This is your chance to get your voice heard ... become a member of (charity name)....This will allow you to be involved in the organisational activities of the mosque. Membership is £10 for 2 years. Forms are available from the (charity) office requiring one form of ID and the £10 fee".

Some may argue that the power of participation was given to those who paid for the membership, but not to everyone goes to the mosque and practises their religion. This could be seen as a commitment to community membership but not the wider spiritual community (*umma*). In some cases, little information was disclosed, such as in a post by a charity about a meeting: "excellent meeting this morning involving numerous stakeholders, reviewing upcoming Scottish Gov campaign against Hate Crimes in Scotland". No further information was provided on which stakeholders involved, the outcomes of the meeting and if it was announced earlier and whether other stakeholders were invited or not. There was also very limited disclosure on employees and volunteers, compared to other categories. In fact, while the charities disclosed information about their

activities, achievements, products and services, they neglected to disclose information about the people behind this work (work environment, numbers, money paid, hours worked, services provided to volunteers, etc.). Most posts were asking volunteers to join an activity or event. No information was provided on the number of employees, their qualifications and skills, work environment, recruitment, etc.

Charities engaged with *shariah* and raise issues regarding their beneficiaries' needs and what *shariah* says about it. One case was from a charity that supports blind Muslims which posted on its social media account a story of a Muslim guide dog owner, as a *Fatwa* was sought to allow his dog to enter his local mosque. The charity encouraged its fans to share the story with their local mosques. Some charities appreciate the diversity and the difference within the Islamic community in Scotland and communicate to both equally as stated above.

### **7.3 New trends in Islamic charities**

There are new trends in social media reflecting new trends and ideologies, such as feminism, for instance as a charity posted; "If you don't think it's possible to be #feminist and a person of faith, you REALLY need to broaden your feminism" AMINA. This reflects the new movements that take place in postmodern philosophy, such as black movements, and feminist movements, as illustrated in Chapter Two. In this quotation co-existing movements could be witnessed here; feminism and religious movement or let us call it religious feminism. This also reflects the ideological engagement of Islamic charities in society and the promotion of a diversity of ideologies that are being promoted and advocated by these charities in Scotland which might be not practised by other Islamic charities that operate in different political environments. Furthermore, this shows that this charity in this post focused to empower a particular part of the community: people that do not have or do not believe in feminists with faith. Some charities were also involved and engaged with some worldwide events that took place in some Islamic countries. For instance, a charity that focuses on empowering Muslim women in Scotland tweeted; "Iraq: Isis warns women to wear full veil or face punishment. Iraq has history of freedom for women but no more". This again reflects the engagement of the Islamic charities with the worldwide Muslim community and charities in Scotland are affected by these events as discussed earlier in the previous chapter. Some charities show their postmodern trend in discussing some issues such as marginalised groups in society from an Islamic perspective; as one posted; "come and learn from our Shaykh Abdul Aziz

Ahmed about Islamic teachings relating to caring for and empowering the marginalised and vulnerable in our society, who are channels of divine mercy and blessings from the Almighty”.

Future studies could focus on social media only as a medium for Islamic charities in Scotland to discharge their accountability to their wider stakeholder groups. Future research could also go beyond Facebook and Twitter to other social media websites such as Google+, blogs, LinkedIn, and forums, as well as including other materials such as videos on YouTube channels. Moreover, future studies could explore, investigate, and measure the volume of accountability related disclosure by Islamic charities through social media. Some indicators could be adopted as measuring criteria, such as number of total posts and tweets. In addition, the level of engagement with charities could be measured by the number of fans and followers, comments made by fans, likes, shares, and retweets of posts. Further future studies could develop benchmarks for accountability by social media. They could include posts and tweets by fans or other people and left on the charities wall or accounts and could investigate whether charities allow other people to post on their walls or not and why.

#### **7.4 Conclusion**

The focus of content analysis in the previous literature has been narrow, mainly associated with charities registered in England and Wales. Furthermore, content analysis was used to study the accounting and accountability practices in large/the-largest charities. The documents analysed were mainly annual reports. This study intended to broaden the focus to include other materials used by charities, such as websites and social media. The study also focused on Islamic charities in Scotland, regardless of their size. Content analysis of this study was also combined with other research methods of data collection in order to provide richer empirical evidence for understanding accountability practices in Islamic charities in Scotland and also to overcome the limitations of the content analysis.

The name of Islamic charities reflects the identities of the charity: while some charities prefer the ethnic identity, others adopt the clan or religious school identity, and other charities focus on their geographical spread. Although most of the Islamic charities in Scotland seem to appreciate the worldwide notion of Islamic *umma*, they focus on their local communities. Islamic charities which are branches of bigger charities registered in England and Wales; tend to focus on the worldwide notion of *the umma*, in contrast to

Islamic charities that were found in Scotland which focus on their local communities, either ethnic or *methhab*-based communities. Although Islamic charities are more likely to determine their beneficiaries as being Muslim groups or communities, no further disclosure in their annual reports shows beneficiaries selection criteria for instance. Charities that were formed as companies are more likely to disclose information than other charity forms. Furthermore, the analysis showed the limited disclosure on the funding sources and their compliance with *shariah*. Also the lack of social audit which goes beyond the financial audit to address other matters related to Islamic values such as *zakah* and *riba*, from which emerges the need for *shariah* supervisory committees/boards. Islamic charities disclose information about income and some funders, but they do not disclose any information related to how this funding source is being Islamic, as some charities were funded by the lottery. Some Islamic charities in Scotland were involved in bank loan transactions and taking interest, and it was not explained and/or justified why they took or gave interest, whether they consider interest as *riba* or not, and what they did with the interest transactions that took place (taken or given). Also whether if they intend to continue taking and/or paying interest. In addition, it was noticed that some Islamic charities in Scotland were funded by conventional banks or alike financial institutions. *Qard hasan* was one of the funding types for some Islamic charities; it was not, however, a common funding source for the majorities of the population of this study. Charities with a local focus are more likely to be funded by local community donations or institutions, in contrast with overseas focused charities that have diverse funding resources worldwide. The same goes for the beneficiaries. Islamic charities in Scotland have a tendency to disclose information about volunteers more than about employees. The different accounting, reporting and accountability requirement for different charity forms and not only size have an impact on disclosure and accountability. Trustees and their capability to run a charity, their awareness of accountability requirements and their willingness to discharge accountability to the wider community are investigated in the next chapter. The role of online platforms e.g. websites and more interactive social media networks are very important for Islamic charities in Scotland as they enable on timely accountability and participation with the wider public. For the sake of decreasing costs, Islamic charities in Scotland could form a *shariah* supervisory body for the Islamic charitable sector in Scotland (*Shariah* Board for Islamic Charities in Scotland SBICS). The charities could also improve the volume of engagement with community by thinking of developing mobile applications. The scope of this study was on one accounting period;

future studies could focus on over time analysis to capture any trends in accountability practices in Islamic charities in Scotland. Furthermore, future studies might consider analysing other materials/documents such as appeal letters, Thank you emails/letters, newsletters, and videos.

## **Chapter 8: Accountability in Islamic charities; further evidence from interviews**

### **8.1 Target groups (sampling)**

Warren (2002, p. 90) identifies a respondent as “someone who responds-someone who is willing and able to talk to the interviewer. But the respondent is also, raced, classed and gendered as well as being situated in the present moment, with anticipatory notions of what an interview might entail”. In qualitative interviews, the sample selection can be guided by theoretical reflections rather than statistical adequacy (Bryman and Bell, 2011, p. 492; Warren (2002, p. 87). This might limit the number of interviewees and focus more on the themes and categories of the research topic, as theoretical reflection is used as a guide to whether or not more data is needed (Bryman and Bell, 2011, p. 492). According to Warren (2002, p. 87), “respondents may be chosen based on a priori research design, theoretical sampling or “snowball” or convenience design, or particular respondents may be sought out to act as key informants”. In this respect, Warren (2002) explains that the researcher may minimise or maximise the differences among the participants in order to highlight or contrast the produced meaning patterns. One of the problems that a researcher could face in terms of seeking respondents is the failure in finding any one to talk to (Warren, 2002).

The researcher, in this study, intended to interview different stakeholder groups in the society who directly or indirectly influence/ were influenced by Islamic charities’ activities in Scotland. The researcher adopted a hybrid method, as discussed above, one was maximising the difference between participants, as internal and external stakeholder groups were selected. In addition, the researcher used the snowball method, using participants’ social networks (Warren, 2002). The latter method was used because the researcher got little response from charities by email and few people agreed to participate when contacted by phone. Later, when the researcher started interviewing people, it was found out that snowball has some disadvantages. The main issue with snowball method was that some participants were not willing to talk freely to the interviewer. Their only motivation to be interviewed was to satisfy the person who asked them to accept the interview, from either within the same charity or someone from outside the charity. The participants interviewed are divided into the following categories as shown in Table 32:

**Table 32; Interviewees by category**

<b>Interviewee groups</b>	<b>No</b>	<b>%</b>
<b>Management</b>	5	22%
<b>Content creators websites and social media</b>	1	5%
<b>Trustees</b>	4	28%
<b>Imam</b>	2	11%
<b>Volunteers and employees</b>	3	17%
<b>Treasurers</b>	4	17%
<b>Total</b>	19	100%

These different interviewed groups reflect the concepts of the theoretical framework. The stories which are told in these interviews are the stories of many. Furthermore, the researcher intended to empower different stakeholder groups by giving them a choice to voice their perceptions. In terms of gender, the researcher noticed the dominance of male representation of the charities he visited. This, however, had exceptions, as Muslim charities that were founded to serve Muslim women were dominated by females, in terms of trustees and management as well as beneficiaries. Because of the male dominance of Islamic charities in Scotland, the sample was affected by this dominance. The researcher, however, tried to challenge this structure and give Muslim women voice to express themselves and reflect on their own experience either from Muslim women's charities or other Islamic charities in general. The researcher struggled to conduct interviews in two big local charities; in one of them, the chairperson was a female who manages a big mosque designed for a capacity of 1000 worshippers. The researcher was interested to get the views of this female management member on her experience in managing such a charity. Another female trustee did not agree to participate in the interviews and suggested a male member in her charity, who also later refused to be interviewed. Table 33 below shows the low participation of Muslim females in the research as they comprised only about 16% of the total interviewee population, in contrast with male participation of over 84%. In addition, female participants represented only two groups; trustees and treasurers.

**Table 33: interviewees by category by gender**

<b>Interviewee groups</b>	<b>Male</b>	<b>Female</b>
<b>Management</b>	5	0
<b>Content creators</b>	1	0
<b>Trustees</b>	3	1
<b>Imams</b>	2	0
<b>Volunteers</b>	3	0
<b>Treasurers</b>	2	2
<b>Total</b>	16	3

In terms of qualifications, participants came from different educational and professional backgrounds, representing several disciplines: Islamic studies, engineering, and business studies. There were a number of participants who held or were doing professional qualifications such as ATT<sup>23</sup> or ACCA<sup>24</sup>. In addition, other participants held qualifications below first degree level. Table 34 and Figure 26 show the qualifications held by each group.

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<sup>23</sup> Association of Accounting Technicians

<sup>24</sup> Association of Chartered Certified Accountants



**Table 34: Interviewee groups by qualifications**

<b>Interviewee groups</b>	<b>PG</b>	<b>UG</b>	<b>Below UG</b>
<b>Management</b>	1	2	2
<b>Content creators</b>	1	0	0
<b>Trustees</b>	2	2	1
<b>Imams</b>	1	1	0
<b>Volunteers</b>	1	2	0
<b>Treasurers</b>	1	2	0
<b>Total</b>	7	9	3

The majority of the interviewees hold undergraduate or postgraduate certificates (about 85%). The interviewees represent different ethnicities; Pakistani, Arab, Turk, and white Scottish. The majority of the interviewees, however, came from Pakistanis ethnic community. About 40% of the interviewees represented the first generation of Muslims in Scotland while the rest represent later generations, either Muslims who were born in Scotland or who have migrated to Scotland recently.

**Table 35: Summary of interviewees**

<b>Codes of interviewees</b>	<b>Category of interviewees</b>	<b>Number of interviews</b>
<b>C1</b>	Content creator	1
<b>Im1-Im2</b>	Imams	2
<b>M1-M5</b>	Management	5
<b>T1-T5</b>	Trustees	5
<b>TR1-TR3</b>	Treasurers	3
<b>VE1-VE3</b>	Volunteers and employees	3

## **8.2 Procedures**

Letters and emails were sent to charities asking for participation in the interviews. However, the researcher did not get any response. The researcher called some charities randomly and visited some others personally, asking for interviews. Interviews were conducted in participants' offices/places, in mosques, and community centres. Places were of the participants' choice and interviews lasted approximately for an hour. All interviews were recorded and transcribed, except one interview, as the participant refused to be recorded. There were, however, detailed notes taken for this unrecorded interview.

Interviews were conducted in different places that were more convenient to the participants. Some were in praying areas in mosques, in charities' offices, a government office, and some others in cafés. The researcher observed that some participants preferred to talk openly in the praying places where people were praying and reading. Other participants preferred cafés, as their charities do not have premises. The researcher left the choice of interview place to participants. The purpose was to empower them by giving them a choice of the place they could talk more freely and comfortably. The researcher observed that the majority of participants preferred to talk in private places. Moreover, some of them, who were interviewed in prayer halls in mosques for instance, lowered their voices in several occasions when they were talking about some issues regarding the accountability of the charity they are in. Participants who preferred to be interviewed out of the charity's premises or in private office in the charity were 11 out of 19 (about 58% of the total sample).

Another general observation was participants talked more freely and openly after the end of the interview and the recording device was switched off. Most of them were giving examples of practices, including names of charities and people. Many of the participants also asked about the research, its purpose and motivation. Some were discussing ways of improvements and linking back to issues discussed in the interview. The researcher noticed the change of participants' pre-interview impression regarding the researcher and the research compared to their post-interview impression. In addition, many participants were telling their stories to the researcher since they came to the UK, in the 60s of the last century, linking these stories to the case now, in terms of many issues, such as the diversity of the Muslim community, the number of Islamic charities and services they provide as well as activities they do. In the most cases, interviewees reflected on the places where interviews took place whether it was a charity mosque, another charity's place or a cafe. The reflection on places was an advantage for the study, as it was an opportunity to get in-depth insights regarding different issues in different places.

**Table 36: interviewee groups by place**

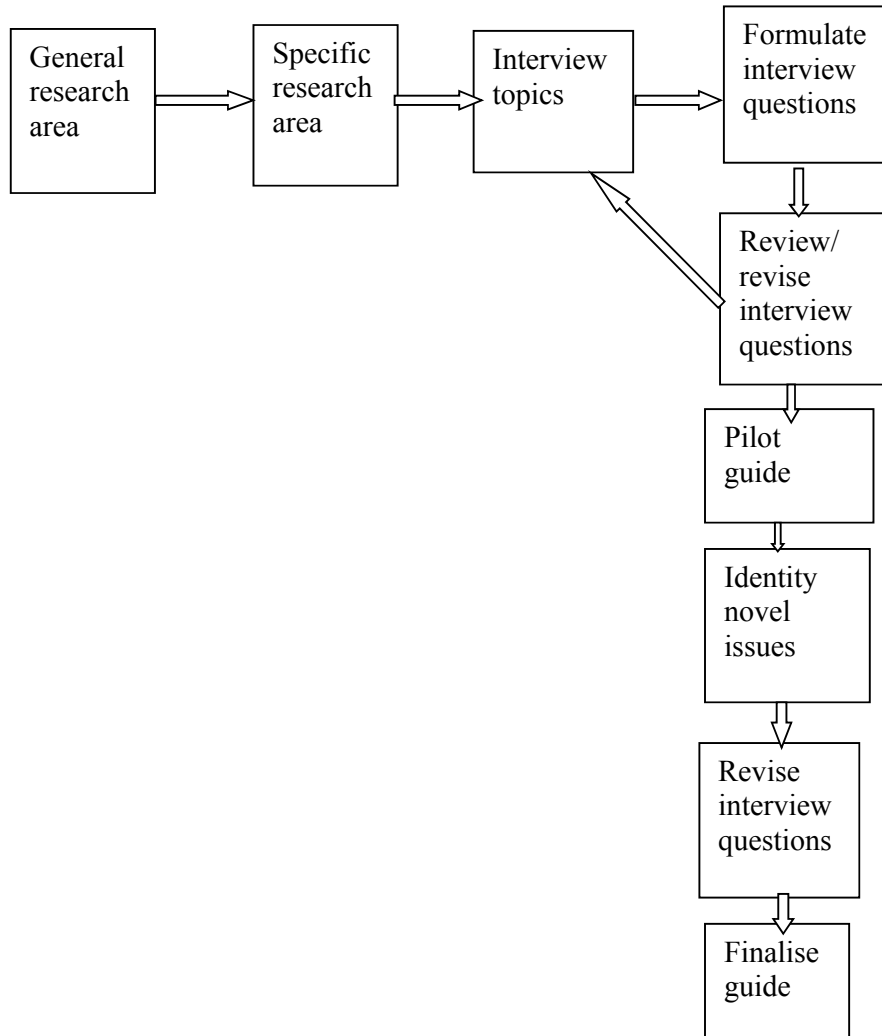
<b>Interviewee groups</b>	<b>Charity places (public area)</b>	<b>Charity places (private area)</b>	<b>Cafes</b>	<b>Other charities ' places</b>	<b>Government office</b>
<b>Management</b>	3	1	0	0	0
<b>Content creators</b>	0	0	1	0	0
<b>Trustees</b>	2	1	2	0	0
<b>Imams</b>	0	2	0	0	0
<b>Volunteers</b>	1	1	1	0	0
<b>Treasurers</b>	0	1	1	1	1
<b>Total</b>	6	6	5	1	1

### 8.2.1 Formulating interview questions

It is recommended to start interviews with easy questions to answer and questions that are not sensitive or threatening, such as demographic questions (Berg and Lune, 2014, p118). According to Berg and Lune (2014, 119) this “allows the interviewer and the participant to develop a degree of rapport before more serious and important questions are asked”. Too many short questions, however, are not recommended as they may risk discouraging in-depth answers by the participant (Berg and Lune, 2014, p119). A transition when moving from one topic to another is advised, as this ensures the participant is aware of the topic he/she should be thinking about when responding to the questions. Some researchers ( e.g. Turner, 2010; Bryman and Bell, 2011) suggest preparing an interview guide before the interview takes a place. This guide is seen as a “brief list of memory prompts of areas to be covered that is often employed in unstructured interviewing or to somewhat more structured list of issues to be addressed or questions to be asked in semi-structured interviewing (Bryman and Bell, 2011, p. 473). Bryman and Bell (2011, p. 477) suggest a model for formulating interview questions that may help researchers, as shown in Figure 11 below<sup>25</sup>. This model was adopted in this study. In the review and revise stage the research supervisors were consulted. In addition,

<sup>25</sup> Adapted from Bryman and Bell (2011, p. 477)

the researcher benefited from feedback from pilot interviews that were conducted prior to the main interviews taking place.



**Figure 11: Formulating questions for interview guide**

### 8.2.2 Recording and Transcription

According to Bryman and Bell (2011, p. 482), “in qualitative research interviews are usually audio-recorded and transcribed whenever possible”. This is because researchers who adopt qualitative research approach are interested not only in what participants say but also in how they say it (Bryman and Bell, 2011, p. 482). There are, however, some disadvantages of audio-recording, for instance, the participant may be self-conscious about being recorded and his/her words being preserved (Bryman and Bell, 2011, p482). In fact, this was the case with some participants as mentioned in earlier section in this study. According to Poland (2002, p. 629), transcription of recorded interviews as “a

method for making data available in textual form for subsequent coding and analysis is widespread in qualitative research”. Furthermore, Bryman and Bell (2011) claim that recording and transcribing interviews overcomes the limitation of our memories. It also allows re-examinations of participants’ answers. Moreover, recording and transcribing interviews make the data reusable in other ways beyond the original intent of the researcher. For Warren (2002, p642), “it helps if transcribers are informed about the nature and purpose of the research. It is even better if those doing the transcription have themselves undertaken social science research (perhaps as students), so that they are generally knowledgeable about the process”.

The researcher in this study transcribed all the interviews, which added another dimension for the subjective experience of the researcher although with the acknowledgement of the difficulties accompanying this process. Playing the recorder and rewinding it for each interview gave the researcher more insights from the data. The researcher in this study sees the transcription process as it is in line with the continuity and hyper-reality concepts of postmodernism. The continuity of production and reproduction of reality from the data and the hyper-reality of data when the researcher investigated it more than once, over time and in different places, influenced the process of analysis, and therefore, informed the findings as well. Because English is not the researcher’s first language, and the different accents of participants, the researcher got help from specialised freelancers in the transcription process.

### **8.2.3 Questions**

Research questions in qualitative research are divided into categories (Warren, 2002; Bryman and Bell, 2011). For instance, Bryman and Bell (2011, p. 477) classify interview questions into a number of groups: introducing questions, follow-up questions, probing questions, specifying questions, direct questions, indirect questions, structuring questions, silence questions and interpreting questions. In this respect, Turner (2010) suggests that follow-up or prompt questions must be prepared, in order for the researcher to get optimal responses from participants. The critical postmodern theoretical framework informed the interview questions of this study. Questions were prepared for understanding the different views and experiences of participants as well as promoting change in the current accountability practices of Islamic charities in Scotland. The understanding of current practices, as well promoting change for the betterment of people, was adopted with respect to celebrating the difference concept and appreciation

of the particular. In addition, the questions were prepared to cover a variety of themes from well-grounded literature, as well as themes which emerged from the previous chapter.

#### **8.2.4 Pilot interviews**

Pilot interviews help the researcher to determine the problems and obstacles that might occur during the main interviews and decide how to overcome them (Turner, 2010; Bryman and Bell, 2011). They also help the researcher decide how to deal with sensitive issues that may be raised by some participants (Turner, 2010). Furthermore, pilot interviews give the researcher an idea about the length of the interviews (Bryman and Bell, 2011). The researcher conducted four pilot interviews with colleagues and friends. These pilot interviews helped to identify some issues, such as the order of questions, the length of interviews and testing the recording device, as well.

#### **8.3 Data analysis**

Interviewing as a research method, according to Scheurich (1995), is divided into two parts: doing the interview and interpreting the interview. The analysis part is seen as the heart of the interviewing process (Brenner, 2006). Data gathered in the first part of the process are classified into sections or groups of information (Turner, 2010). Berg and Lune (2014, p. 154) claim that “insights obtained from qualitative research can not only add texture to an analysis but also demonstrate meanings and understandings about problems and phenomena that would otherwise be unidentified”. Furthermore, some researchers (e.g. Brenner, 2006; Berg and Lune, 2014, p. 154) suggest that the most frequently used way to analyse interviews in qualitative research is content analysis. According to Berg and Lune (2014, p. 273), “in most cases, analysis involves creating categories or themes and then sorting answers to questions or statements from the fieldwork into these categories”. An indexing sheet was used to facilitate analysing the data collected from participants. Answers to questions were sorted into a number of themes.

As Table 37 below shows, the majority of the participants have over 5-years’ experience in working in the Islamic charitable sector in Scotland (over 77% of total sample).

**Table 37: Number of participants by experience**

Years of experience	Less than 1 year	1-2 years	2-5 years	Above 5 years
Number of participants	3	1	1	14

The interviews covered different charities in four councils in Scotland: Edinburgh, Glasgow, Dundee and Fife, as Table 38 below shows.

**Table 38: Number of participants by area**

Area	Edinburgh	Glasgow	Dundee	Fife
Number of participants	8	2	4	5

Part of the analysis process of interviewing is interpretation of data. Interpretation, according to Brenner (2006, p. 367) “involves a researcher in drawing the connections between his or her results and larger theoretical issues. Because the purpose of research is to contribute to a general body of knowledge, researchers need to compare their results with other studies or to make available a message that might have relevance in different contexts and to other researchers”. There is appreciation by social researchers of the usefulness of computers for data analysis (Seale, 2002). Social research, for Seale (2002, p. 667), “can be conceived as a craft skill that draws on underlying philosophical and theoretical debates, using a variety of tools and procedures to explore particular research problems”. Moreover, Seale (2002) believes that computer-assisted analysis can assist the craft of social research. NVivo 10 software was used in this study to facilitate analysing the data collected from the interviews. Audio files of the interviews were uploaded in NVivo 10 software and then transcribed in the software itself. In addition, each part of an interview was coded under a pre-identified category. The themes set were: SORP (2005), *shariah*, charities role, trustees’ selection, Islamic teachings and values, beneficiaries’ selection, *umma*, and internet media. NVivo 10 provided the researcher with tools that helped to facilitate the analysis, such as rewind, stop, and slow the recordings, as at some times participants were talking fast, and as English is the researcher’s second language he needed to slow the recordings in order to transcribe them.

### **8.3.1 The role of Islamic charities in society**

The role(s) of Islamic charities in general and in Scotland in particular attracted various opinions from participants in the interviews. Most responses, however, were centred on helping the poor and the needy. Participants had different views of who are the needy, where they are and needy for what. Moreover, one of the treasurers believed the roles of Islamic charities differ depending on the society they operate within. The treasurer believed that in full Islamic societies, charities have different financial sources and they are well financed by the community and sometimes by their states, while in the case of non-Islamic countries the case is different, as charities face a shortage of finance and more responsibilities, in terms of providing places for conducting prayers, as well as educating people.

Although a number of trustees acknowledged the importance of providing food and shelter to the homeless and people in need, one trustee emphasised the importance role of providing the correct information about Islam. For instance, a trustee believed that the core role of Muslim charities in Scotland is to serve their local Muslim community, as well as the wider community in Scotland. In Trustee 1's words:

“I think of the climate of the western world and the UK the role of Islamic charities for me should be primarily one of providing correct understanding and information about what Islam the religion is. I know there are kind of like “Islamic charities” which are charities that do work in the name of Islam i.e. helping provide food and shelter for people in Gaza, Afghanistan, different places in the world that are suffering. But for me, my personal belief is that at present Islamic charities role in society is to serve the society which they are a part of.”

T1, December 2014, Edinburgh.

In this statement, one can read two main issues: the first one is the emphasis of the trustee on the locality of the charities and who should be their beneficiaries. The second emphasises the priorities of the needs Islamic charities should fulfil. Although the trustee acknowledged the need for providing fiscal services to the needy across the world, he prioritised the need for what he claimed as “the right knowledge and information” about Islam. This need for informing people and introducing ‘what really Islam is’, emerged from the socio-political context of the Muslim communities in the Scotland and the effect of the global events. The role of Islamic charities in Scotland, for the majority of participants, is firstly informing people, both Muslims and non-Muslims, and among Muslims, there are, for instance, people who are new to Islam. As a treasurer, when asked about the roles of ICs in Scotland, stated:



“Well, of course to bring awareness of Islam to not only Muslims but even to the mainstream community and the rest of the community. Yeah, and to help Muslims who may not have support, for example, people who are new to Islam. We cater for more social issues, like women having depression, and this kind of things. So I don’t think Scotland’s got that much Islamic charities in it, because it just started really. There aren’t as many Muslims in Scotland as they are in Britain, UK, in England sorry. Uhh so I think they’ve been more developed there and hopefully- but it is slow yet here” TR 1, Edinburgh, January 2015.

As discussed in Chapter Five, the Muslim community in Scotland face particular issues and seems to be in a different development stage compared to that in England, for instance. The Islamic community here also face challenges like racism and islamophobia. In this regard, a trustee further mentioned what he called negativity and misinformation, which Islamic charities in Scotland should take into account:

“Because of all the negativity and misinformation that we have in media and recently with all the chaos in the world, ISIS, the killing of children Pakistani and all that stuff is a really important role for Islamic charities. They must uhh get rid of all the misconceptions about Islam.” T1, December 2014, Edinburgh.

From this perspective, the needy are seen in terms of the need for better knowledge and better information about Islam that will help these people, the whole *umma* in Scotland as well as the wider local community. These people from this perspective are seen as marginalised in terms of information about Islam and understanding of Islam. The worldwide political and media influence on Islamic charities in Scotland are seen as enhancing and worsening the status quo, according to Trustee 1 and other participants as well. This view also emphasises the importance of the concept of locality in terms of services and beneficiaries of Islamic charities in Scotland. Another charity trustee in Fife also shared this view;

“To provide a positive image for Islam and to correct, I think, the wrong image that is portrayed, especially in the media and what people believe about Muslims. That’s what our aim should be. Our aim in this charity is to provide the service to the Muslims by providing education and as well try to interact with other groups of society.” TR2, March 2015, Fife.

The above two views represent respectively new charities in Scotland, which are run by young professionals. Focusing on locality could be seen as a representation of the charities’ identity as being a local Scottish charity. This is in line with what was found in previous studies on Scottish Muslims, in Chapter Five. Moreover, professionals who

came from multi-ethnic Muslim groups run these two charities. This may reflect the postmodern concept of celebrating the difference by new Muslim charities in Scotland. In fact, both trustees emphasised the open door policy of their charities and no *mathab* attitude. A chairperson of a charity shared the same view as his charity focuses mainly on running a mosque and serves its local community;

“Some charities – they have registered and they collect money on behalf of the entire uhhh cities in Scotland and they go abroad and spend their money, but our aim is to run our site here locally, as a local charity”. M 1, December 2014, Dundee.

The views of participants regarding the role of Islamic charities in general covered several issues. Some discussed their roles in terms of geographical scope, to as whether Islamic charities should work globally or locally. While many of the participants emphasised the local communities and the importance of local activities for the charity, there was an appreciation of global activities that are undertaken by Islamic charities, particularly in times of wars or environmental crises. Another issue that was raised by some participants is the type of activities that Islamic charities should provide. An Imam divided the functions of Islamic charities locally into three spheres, (a treasurer also shared the same view): religious, educational and welfare functions;

“Islamic charities in Scotland, I think, um, they do play – as new charities are springing up, they – they’re fulfilling these areas of the religious, the educational, as well as the, the... welfare”. I1, December 2014, Dundee.

For Treasurer 1 educating young Muslims saves them from what he called “identity crisis”. Education provided by Islamic charities, according to Treasurer 1, builds confidence in Muslims and enables them to practice what they believe in. Furthermore, education provides them with the knowledge to explain to others. Islamic charities in Scotland believe their role is to promote Islam and increase the awareness of what Islam really is, as stated by several participants in this study. This seems to be one of the most common roles among charities in Scotland. This is done by providing information about Islam on their websites, distributing publications, leaflets, workshops, lectures, and inviting the public to their mosques and Islamic centres. This is in line with the findings of the previous chapter that was found in the content analysis of charities’ websites and social media.

There are, however, different roles that Islamic charities in Scotland play, depending on the intentions and objectives of the people who set them up; for instance, some charities

were set up, as believed by some participants, for personal reputation and financial gains as one of the imams interviewed stated:

“Sometimes, you have more inclines towards a person than the welfare of a community”.

I 2, December 2014, Dundee.

This view was also shared with other participants, such as M2 (Livingston), who criticised the personal gains some people want Islamic charity to provide for them; in his words:

“It’s just like everyone wants to be a prime minister but they don’t know how to run that office.... They want to be recognised in the community” M2, Livingston, February 2015.

There are various roles and intentions for Islamic charities in Scotland. Charities, to some extent, seem to be fragmented in their roles and objectives.

“I think charities generally are defined by their intentions and the different charities have different roles on themselves because of what they intend to do as a charity from the start or the offset may vary. So you have – so Islamic charities in the UK, not necessarily Scotland you have Human Appeal, you have Islamic Relief and these are all charities but are kind of relief charities doing humanitarian work across the globe. So I think each individual in Islamic charities has their own individual intentions so they may – so they play different roles and there’s no, there’s no consensus or there’s not communication enough in the community for them to all share certain roles”. T1, December 2014, Edinburgh.

From the views of the trustee, above, there is a need for Islamic charities to be more transparent to and engaged with their communities. They all need to understand what the community needs, and therefore, what the charities should be doing. It seems there is a need for more communication and openness towards the community they serve in order to play the roles that are required by the community itself. Although participants appreciated the job the Islamic charities in Scotland have been doing, there was a demand for widening their activities to go beyond providing places for worship. ICs in Scotland are required to provide Muslims and non-Muslims Islamic community centres, and education for instance. Some participants believed that there is not enough communication in the community and within the Islamic charitable sector. As a result, there are no shared roles for Islamic charities and it is left to individuals and their intentions. These intentions for some participants do not always reflect the community’s needs. For a trustee who migrated to Scotland in last twenty years, and came from a

minority ethnic community, the role of Islamic charities is help people integrate in Scotland and work as a link between the government and communities.

“We’re still finding our way to survive in this society, so until it comes a time when they can freely settle, then obviously we’ll start playing an active role”. T2, Glasgow, February 2014.

The use of “we” by the trustee brings attention to the multi-identity of Scottish Muslims, as there are multi-levels of the self and the other within the Muslim community, which also has its effect on the roles of Islamic charities, as determined by different Muslim communities and sub-communities. The self and otherness result in prioritising needs for the self, which is not shared by the other, and therefore, an emergence of Islamic charities become a necessity for a community and its members. This necessity might be a result of different historical development phases, or even different cultural needs. Furthermore, the difference between Islamic charities in Scotland becomes more understandable as it serves different needs for different Muslim communities. This sheds light of the different needs of Muslim communities in Scotland. These needs are affected by the historical and cultural development and settlement circumstances of these communities in Scotland. Thus, different accountability practices are adopted by charities. A number of factors; community size, the knowledge and skills that community members have and funding sources available for the community to fund its charity also affect accountability practices.

The roles played by Islamic charities in Scotland vary. Most of the older charities run mosques and teach Quran, Arabic language, and conduct marriage and funeral services, while relatively new charities that are run by younger generations focus on training, skills development, blind people, women’s rights, and human rights. A participant named a number of these services of Islamic charities and the scope of these services:

“I see it here as exclusively focused on the Muslim community within Scotland, services like marriage funeral services, education especially for the younger generation” M3, March 2015.

In addition, some of them are not only for the sake of the community but also there are personal gains by the trustees or management members as believed by an imam:

“We are concerned for the welfare of the community and uhhh, I do believe there are those that have their personal things along; personal gains whatever be reputation or

monetary gains... uhhh, sometimes you have more inclines towards a personal gains that the welfare of the community.” I2, Dundee

A management member of another charity also shared this view, as he believed that some people use their positions in Islamic charities to get social rank within Muslim society in Scotland and they benefit from that directly or indirectly. Because of this, in order for a community member to be a management member, they have to contribute financially to the charity on monthly basis. For the researcher, this excludes community members who might have the management skills but not the financial ability to help the charity. It also cannot be the right solution, as some contribute to the charity in terms of money but can still abuse their positions and gain personal benefits. The researcher also noticed that the trustees and the founders of the charity and not the choice of the community members imposed this arrangement. Some of the trustees become management members at the same time, which is not good accountability practice as well.

From the discussion above, concluded that Islamic charities play different roles depending on different community needs. In general, the Muslim community in Scotland is concerned about community centres, education, employability, islamophobia, domestic abuse, development skills, and Muslim women’s participation in society. Most of the Islamic charities adopt these roles and these are their main aims and objectives. These charities have a strong tendency to be local charities focused on serving their local communities. Other Islamic charities registered in Scotland that were founded in England focus on the worldwide Muslim community, and are thus more concerned about providing food, clean water, and shelter to the needy worldwide. Their accountability practices, as a result, take different mechanisms: local charities seem to adopt oral accountability in face-to-face meetings and during prayers, while UK and worldwide focused charities adopt reporting and online disclosure. The lack of accountability in some charities is seen as depending on who is setting the charity roles. If the charity is self-governed and their roles are left to individuals’ intentions, and there are people who use charities for personal gains, then accountability to community is difficult to be in place and practised by community members. This leaves the individuals deciding on behalf of the community, as they think that they know what the best is for the community. Charities should also reflect on the aims and objectives set in their founding documents, and to what extent these are met every year.

### 8.3.2 Shariah

The perception towards *shariah* differs from one participant to another, as some saw it as a set of laws and regulations, while others believed in it as a general guide to Muslims in different times and places. Some of the participants did not want to answer the question, as they believed they were not scholars (*ulma*) and scholars only know what it is. Management member 2 when asked about his perception on *shariah*, gave the answer:

“I don’t know much about that so I don’t want to say anything”. M 2, February 2015, Livingston.

Some others expressed their confusion regarding *shariah*, as nowadays there are too many opinions regarding it. Imam1 identified *shariah* in a broader respect and provided examples of implementing *shariah*. The imam also illustrated that people, from the *shariah* perspective, have responsibilities towards God and towards humans:

“Uh, *Sharia*, or if we talk about *Sharia*, we’re talking about, uh, the Islamic law, and Islamic law, it’s a very vast, um – it’s a government of one’s – governs the life of a Muslim, uh, how he can be with his wife, how he can be with children. What are his responsibilities in terms of the rights of God, the rights of human beings? So it covers each and every aspect of life. It covers, uh – *Sharia* covers the beliefs – it covers the forms of worship, how to deal with people, transactions, uh, the social life, our good character. Uh, *Sharia* teaches us, uh, how to be good to each other, like – it’s all enshrined in the Quran and the *sunh*”. I1, December 2014, Dundee.

Imam 2 shared similar views to Imam1, as he believed that in the Islamic faith there are two rights: one is the rights of the creator and the second is the rights of the creations. Therefore, charities should fulfil both rights, by helping the needy fiscally and emotionally, and those who are in need of food, shelter, or have emotional needs. Trustee 1, however, articulated that *shariah* has been made something different from this. *Shariah*, for the trustee, in the time of prophet, peace be upon him, was not the same as it is now, because he was alive, so when a question needed to be answered to the community, then he would give the answer or revelation would come afterwards; but because there was now no direct connection to Allah, much of *shariah* is now by proxy *Shariah*, therefore, means different things to different people. The trustee gave examples for the different perceptions of *shariah* nowadays, reflecting on one of the global events that dominate the media;

“So *shariah* also because of the lack of true scholarship means different things to different people. So if we look at ISIS, their understanding of *shariah*, is it an understanding that is correct? No. But they say they’re Muslims. So that’s the extreme. There definitely have liberal Muslims who say that “You don’t have to pray or fast.” You know, so you have these two extremes”. T1, December 2014, Edinburgh.

This was the case in this study, as different participants gave different definitions and understandings of *shariah*. For instance, some participants believed *shariah* is the Quran and *sunna*, while others add other sources of *shariah* besides Quran and *sunna* such as *ijma’*a and *qias*. Some participants saw *ijma’*a, however, as the *ijma’*a of scholars (*ulma*) not the *umma*. From the participants of this study, imams had more tendency to adopt the first view on *shariah*, as being a law and its sources Quran and *sunna* and if needed *ijma’*a of the scholars. An imam believed *ijma* is very important, as there are many new things now that were not in the times of the prophet and by *qyas* he believed people can get solutions for today’s world. On the other hand, some trustees adopted the second view that *shariah* is a source for all Muslims to adopt in their daily life in terms of ethics, financial and non-financial transactions, in business as well as in private life.

The different views on *shariah* influence a charity’s practices, that is, on a very broad basis, because within the charity there are people who follow different *mathabs* (religious schools) and *fatwas*. If a charity needs to make a decision about something, some trustees or management members would consult scholars to ensure their compliance with *shariah*. Other charities may consult *umma*, and get the *ijma’*a on the matter. The same thing goes to *qyas* (analogy) as it can be used to reach different opinions. This might influence decisions regarding the funding sources, for instance.

“Make sure sources of charity come from Islamically legal sources not from corruption, not from you know, haram prohibited earnings” I1, December 2014, Dundee.

Generally, it seems that there are two views on *shariah* within ICs in Scotland, departing from different understandings and interpretations: one is a more fundamental school that sees *shariah* as a set of laws that are produced by scholars. The second view sees *shariah* as a general guidance for people and people should make decisions through meetings, consultation and feedback. Practicing *Shariah* in Islamic charities generally was seen in

its narrow meaning; some trustees and management members believed that *shariah* is something scholars only know. Other views saw *shariah* as practicing particular forms of Islam such as prayers, fasting at Ramadan, and paying *zakah*. Another broader perception saw *shariah* as a general guidance that must be incorporated in every Muslim's day-to-day life and charities are no exception.

Even in cases where scholars were consulted, trustees or management members chose them. For instance, the researcher asked a treasurer about their charity funding sources, as the lottery was one of these sources. The treasurer's answer was:

"My understanding is that there is a whole schools of thought, around, you know, and including some of the really big, big scholars from the past who, when they moved to a different context, they would have a different interpretation of something. That had been their ruling in one place wasn't – wasn't necessarily their ruling in another because the circumstances were different. And I think circumstances in Europe can be quite different from circumstance of people in the Middle East. You may – if they're not familiar – and they might be familiar with the West and understand how things work, but they might not. Whereas some of our scholars here, um, actually understand the context and therefore can give a more appropriate ruling." T3, Glasgow, February 2015.

In another interview, a trustee claimed that their charity works according to the laws of the country and there is nothing to do with *shariah*:

"*Shariah Islamiah* isn't taken into account; we have to obey the laws of the society. I think the *shariah* in this country doesn't actually have so much" T3, Glasgow,

These different perceptions on *shariah* have their impact on accountability practices of charities. Some trustees and management members believed there was no need for practice justifications or explanations to the public as long as scholars were consulted before or after these practices took place. Others believed working according the law is the most important thing for them rather than *shariah*. The objectives of Islamic charities that are set by founding documents seem to reflect the views of the founders of the charity, without consultation with the wider community. Thus, the trustees and management become accountable for the objectives they set, not the community's needs. Therefore, accountability becomes very narrow, as it represents the legal accountability of the trustees and management to regulators rather than broader social accountability to the wider community. Founding documents of Islamic charities in Scotland e.g.



constitution, do not say much in terms of *shariah*, funding sources, types of funds and the criteria for spending money according to pre-determined categories.

### **8.3.3 Selection of trustees**

ICs in Scotland practised different trustee selection criteria, namely: self-selection/appointment, voting (election) within the committees and sub-committees' members in the charity, and selection in the annual general meeting (AGM). Although an interviewed trustee acknowledged the importance of these selection mechanisms, he claimed that trustees in his charity are self-appointed, without giving further explanations why. Some participants argued that some people are keen to be trustees in ICs either because of financial gains or to be recognised in the society. The self-selection method for trustees has led to some issues in some charities. One of these issues was the struggle over power between management and trustees. Regarding this issue, one of the management members argued:

“Uhh the trustees are just to fill the gap. But we don't want to give too much power to the trustees and then the other people are left out. And then everyone says “I want to be a trustee!” Trustee doesn't mean that you are a boss”. M 2, February 2015, Livingston.

Another issue was the conflict between the older generations on trustee committees and younger generations. There is a struggle by these younger generations for their voices to be heard. For instance, younger generations look for sports facilities in their community centres (mosques), cafes, and libraries, which are not attractive to older generations who have full control of the charities in the most cases. This struggle over power is seen as inner politics within the ICs in Scotland. Another issue is the decisions made by trustees on behalf of the *umma*, such as spending the charity's money. Some participants saw this trustee self-selection as having lack of consultation, which may also steer the charity's role towards the personal interest of trustees, as mentioned earlier, in terms of financial gains and social reputation.

### **8.3.4 Umma**

Different participants saw community in different ways, as the local community including Muslims and non-Muslims, only the Muslim community, the worldwide Muslim community, local ethnic Muslim community, new converted Muslims, and linguistic community. A participant claimed that the historical growth of *umma* in

Scotland meant the increase of the community's needs. The treasurer also emphasised on linking the development of *umma* within the Scottish culture;

"I feel the Muslim community has grown in Scotland over decades, the needs are growing as a community so the community is very, very close knitted and I think it's embedded with the Scottish culture and society so they do play a very large and vital role. It looks like it's moving in the right direction and doing better for the religion and community"  
T1, Edinburgh, February 2015.

The perception of participants in the study varied and the term "community" meant different things to different participants; an imam believed that *umma* means the Muslim community in general, then he categorised *umma* into two levels the national level (in Scotland) and international level

"When we are talking about *umma*, we are talking about the Muslim community in general. And if we're talking the *umma* in Scotland, you're talking about the Muslim community whether someone follows any sect order; he's part of the Muslim *umma*, the Muslim community. So it's a diverse community of different races and whatever. So that is the perception of *umma* if we are talking on a local level. If you're talking about an international level, we're talking about all the Muslims around the world – they form an *umma*". I1, December 2014, Dundee.

The imam believed that there is one Muslim community in Scotland that has different sects and races. The imam emphasised that the Muslim *umma* in Scotland is diverse. The imam's categorisation of *umma*, however, neglected the Muslims in Scotland and the UK in general. This was for the researcher is an emphasis on the Scottish identity of Muslims instead of Britishness, as was concluded in the contextual chapter. Another imam had a different view of the previous imam. The perception of Imam 2 was broader, as he believed that *umma* from the Islamic perspective includes all humankind, not only Muslims.

"The *umma* is the nation so we are all the same nation uhh. So same nation and then there're two definitions of *umma*; *ummat ejabbah* and *ummat daua*, *ejabah* means *ejabah* means those who have accepted the commandments and the ... and those who haven't accepted the commandments of God and doesn't believe in the prophet, these are two definitions are part of the *umma*, part of the nation. Definition comes down, *umma* of acceptance, accepting it. But in terms of a nation, we all are a nation, even believers and non-believers. We are all a nation and we accept it, those who have

accepted the message and those who haven't accepted the message, in both there are races, but it doesn't matter". I2, December 2014, Dundee.

In the above statement of the imam, there is a perception that *umma* includes everyone; Muslims and non-Muslims. Then it differentiates between Muslims and non-Muslims in terms of whether they accept Islam or not. This classification seems to start from a theological point of view, rather than geographical, ethnical or political one, as in the perception of Imam1 above. A trustee identified community in a similar perspective which to some extent comes to the same view as Imam 2;

"Community to me, on one sense, no matter if you're Islamic or not, is always Islamic. So the principle of community is an Islamic principle. And community for me is down to a very simple thing, which for me is company". T1, December 2014, Edinburgh.

A volunteer who criticised the narrow views of some ICs in Scotland shared the same theological view as Imam2 and the perception of Trustee1. Volunteer 3 believed that this narrow view of these charities has huge impact on their work in Scotland. He believed that they should expand their work and include all people in need whether they are Muslims or non-Muslims.

"Obviously there're two paths to it, but it says to show mercy to the whole of mankind, not to the Muslims only, but to the all of mankind. And if you look at some of the rulings of Islam, we're taught to help the neighbour and their rights. It doesn't differentiate between Muslims and Non-Muslims. So – and quite often when we help the poor, the weak, the oppressed, the widow or orphan. There's nothing to differentiate them and they're people we should be helping". V3, March 2015, Fife.

The status quo of *umma* in Scotland, however, was criticised by some participants. For instance, while Trustee 1 believed that the Muslim community in Scotland is failing, another trustee believed *umma* does not exist;

"To be honest with you, the way things are going now, we don't have a united community because every mosque does its own thing and there are different groups, people fight each other and oppose their ideas. So the notion of *umma* I don't believe it exists". T5, March 2015, Fife.

This failure and non-existence of *umma* was seen as some Muslims finding it difficult to accept other Islamic beliefs or sub-beliefs. In addition, some people think that other people in the Islamic community are wrong. Another issue related to the *umma* as failing

is the lack of community centres. The views of some participants were in support of the principle that activities that take place in the community should be centred on the mosques. Some participants, however, see the mosques, as just places where prayers are conducted. Furthermore, the communication between mosques and the community was criticised. In addition, the worldwide Muslim *umma* was criticised, as it was believed that there is no unity, as every sect, every organisation, every country, and every continent, have their own agendas. One of the participants believed that Muslim *umma* in Scotland generally in better status of worldwide Muslim community.

“In Scotland - alhmdo le Allah, our Muslim *umma* is about 70% fine.... My point of view is 30% because when we bring culture into our Islamic values and teachings, that’s where differences come and we segregate ourselves. And that’s why the 30% people, some people say they call this is our mosque and this is Pakistan mosque and Bangladesh mosque. We should be a Muslim *umma*, that’s it! That’s my opinion”. M1, December 2014, Dundee.

The same participant and some others as well, acknowledged the diversity of the Muslim community in Scotland and did not see it as an obstacle for Islamic charities. In fact, some participants saw this diversity in line with *shariah* as Allah has created people in different tribes, races and nations. Meanwhile, other participants believed that the only way the community could become better was by putting aside very small differences like *mathab*, and only believe in Allah.

“I don’t think there’s a great impact on charities because umm all these mosques, our brothers they get funded by the Arab community from the back homes. Uhh Saudi Arabia, Abu Dhabi and so on and I don’t think – not sure if they’re charitable or not, but our situation is we depend on our community and members as well so not a great fact on any diverse”. M 1, December 2014, Dundee.

In the above statement by Management member 1, it seems the concern here was about the funds and how other charities are funded. For instance, the participant did not mention the impact of their activities, values, religious opinions or anything else. His concern was on how some charities were funded. The focus here, to the researcher, is that some overseas governments or communities fund local charities in Scotland. In addition, some Muslim minorities seemed to be seen as ‘others’ by the majority Muslim groups. These

minorities, such as Arabs in this case, seem to be funded and supported by their original countries in order to give them a lift .

An imam did not see that the diverse ethnic and linguistic *umma* in Scotland has a great impact on charities. The imam claimed that he has not witnessed any racism or discrimination in Islamic charitable sector in Scotland. Serving particular race or ethnic group or *mathab* or clan was justified by the imam thus:

“There is no – any kind of exclusion because of race or because of, uh, uh, background or religion, it’s more to do with those people who have the same objectives in mind, they come together. And sometimes it’s by default; it happens them to be from the same area or from the same, uh, thinking or whatever”. I1, December 2014, Dundee.

Trustee W believed the diversity in terms of ethnicity, *mathabs*, is not a problem in bigger cities where numbers of Muslims are big enough. It becomes an issue only in places where Muslims, collectively, are a small community. There are some groups that have been marginalised in the accountability process, such as the youth, women and converted Muslims. One of the findings in chapter five was the struggle of young Muslims in Scotland that was supported by the literature and national statistics. Some participants witnessed to the marginalisation of Muslim youth groups because of inner politics in ICs in Scotland. It was believed that younger generations were excluded from decision making within Islamic charities. Exclusion was in terms of representation on trustee and management committees. In terms of Muslim women, the evidence that can be drawn on is the case of education, health, and participation, representation in trustees and management committees as well.

According to Amina and WAQF Charitable Trust (n.d., p. 6), Muslim women from some ethnic backgrounds, such as Pakistani and Bangladeshi backgrounds “are least likely to be involved in the workforce or seeking employment and that these are communities with the highest poverty levels”. Muslim women in Scotland, according to El-Nakla et al. (2008, p. 1), “need an avenue to voice their opinions, experiences and ideas on how to improve community cohesion and local service delivery”. Muslim women are also seen as “a particularly vulnerable group in society due to the current social climate of Islamophobia” (El-Nakla et al., 2008, p. 1). Some charities have been found to target these Muslim groups and give them a voice that adds another layer to the role of Islamic charities in Scotland. Founding an Islamic charity in Scotland, in some cases, targets a

specific Muslim group not the *umma*, race or clan as a whole. Imam 1 questioned the lack of Islamic charities in Scotland that focus on the care of elderly;

“The elderly care, among the Muslim community, this's just an example, is not there. Whether the elderly persons are of this race of this origin or this background, at the end they are part of the Muslim community. They come to the same mosques they pray together, there's need to have something for them in terms of care”. I1, December 2014, Dundee.

This exclusion for some groups of the community by some charities was seen from legal point of view. Islamic charities, like other Scottish charities, are legally accountable to the OSCR. According to a participant, OSCR in Scotland do not want to get involved in terms of charities' accountability:

“OSCR will get involved if any legal disabuse at the very last minute but really, charities are self-run organisations. they're self-governed, so in term of accountability, accountability has to be employed by the people within the charities themselves”. T1, December 2014, Edinburgh.

From this view, the community, under the current practices, can never truly hold charities accountable, because they are organisations legally accountable to the governing body of charities in Scotland but not to the community. Furthermore, because charities are legal entities, the community cannot hold them accountable unless they have fiscal evidence that can be presented to OSCR showing abuses of the charities' money. If charities in their constitutions did not state the right of the community to hold them accountable or state clearly a process for that, then the community cannot hold them accountable. The way the situation can get better is by establishing a lot more communication between all Islamic charities, communities, and the people within the community, who need to start to speak to each other more. According to some participants, Islamic charities in Scotland could also establish a governing body or an organisation that can ensure these charities are adopting Islamic values and incorporating them in their activities. In addition, general meetings with the public and within the charities on monthly basis would help in engaging the community in the charities' work. The charities would also benefit from feedback from the community. Furthermore, the community has to be consulted as to what they need, what they want, when, and how they want it. Some participants argue that charities simply cannot decide on behalf of the community by excluding the community. Regular meetings with internal and external stakeholders are recommended.

Moreover, some participants recommended training programmes for trustees, management members and people in charge of managing ICs in Scotland.

### **8.3.5 Selection of beneficiaries**

In terms of beneficiaries of ICs in Scotland, according to the regulations in Scotland as explained in chapter (context chapter), should be the public. Some charities stated their beneficiaries clearly, in the constitution; others mentioned general groups of people, in different places. Charities see the beneficiaries through the lens of *shariah*. In addition, the selection of beneficiaries is informed by how charities identify *umma*.

A trustee articulated how beneficiaries were selected in other charities and argued that the community should choose what its members need. This also goes for the charities that provide information about Islam. The trustees or management choose the lecturers, scholars and titles of events. This could be seen as imposing the services on the beneficiaries and the community at large. The constitution is the most important document in the charity's work, as seen by some participants. That was because the constitution, according to a trustee, is about how you define what work you will do, so to understand what a charity wants to do or should be doing is should be in the governing document, which is the constitution. For some participants, the beneficiaries could be anyone in their local community. That includes Muslims as well as non-Muslims. A volunteer expressed his personal views as;

“My personal opinion is that we should be there to benefit the whole of mankind... we should remove poverty, to bring equality and faith. Also we should be there to help the poor, the orphans, and obviously to make the locality, the community a safer place”. V1, Fife, March 2015.

Charities choosing to benefit a particular group, however, was advocated by another participant. As Imam 1 stated, that was in line with *shariah*, as long as it stated in the charities aims and objectives even if the charity serves a particular Muslim ethnicity group. Volunteer 1 shared the same view, as he interpreted a verse in Quran that some people believe ethnicity can come under this interpretation.

“There are no criteria, it is open to everybody. No criteria. The, the, the, criteria is they must be a human being, it is open to everybody and everybody is welcome”. Trustee 1, December 2014, Edinburgh.

Although there was belief in the wider community, and charities being open to everyone, including non-Muslims, as their beneficiaries, the argument still in place is who chooses the services, places, times, which is an important issue. One can argue that by imposing particular services at a particular place and time, this may result in targeting a specific beneficiary group. In addition, charities could impose a specific agenda and particular understanding of Islam by choosing the speakers and publications. In this case, the voice of beneficiaries is lost. The focus of Islamic charities in Scotland, in general is more on local beneficiaries. Since the majority of participants, tend to adopt the notion of local *umma*, their charities focus on local beneficiaries. This, however, is in parallel with appreciation of worldwide *umma*. This can be found in one of the management members of a charity in Dundee statement;

“We don’t uuuuhh involve regularly uuuhhh outside Britain unless otherwise there is a disaster” M1, Dundee, December 2014.

The researcher found that even this involvement with the needs of worldwide *umma* in most cases happened through Islamic charities based in England. Money is collected by Islamic charities in Scotland and transferred to Islamic charities in England. This happens because of two main factors: the focus of Islamic charities in Scotland is on their local communities, as was found in the content analysis chapter. The second factor is the lack of in-house capacity of Islamic charities in Scotland, as the majority of these charities are small entities. This tendency of locality and open-door policy adopted by Islamic charities was not enough for some participants. Some participants criticised the narrowed definition of local *umma* which, for them excludes, other members of *umma* such as non-Muslim members, narrowing the focus of a charity to a particular race.

### **8.3.6 Participation and engagement**

The communication and cooperation between Islamic charities and their communities were seen as a very important for running a charity. Participation, engagement and communication take different forms: face-to-face conversation with trustees and management, emails and social media, suggestion boxes in charities, and annual general meetings. There was, however, appreciation of the lack of communication between charities and their communities. Employee 1 criticised the lack of consultation within Islamic charities. The employee gave some examples as one charity which built a mosque in Scotland without consulting the community. He mentioned that, although there was a space for sisters to pray in the mosque, there was, however, one door used by both men



and women. He received complaints from Muslim women that attend the mosque, as they saw it as inappropriate design. Another problem with the design, the employee claimed is that there were no windows in the mosque, only panes of glass as a wall, and they cannot open them. The community, according to the employee, saw this as inappropriate in the Scottish weather as well, because of the humidity issue.

Participation of community members was seen a key for holding Islamic charities accountable to the community. Many of the participants criticised the low level of community engagement and participation. Some believed it is a trust matter and the more highly the community trust people to run charities, the lower the engagement and participation is. According to some participants, the low level of engagement affects charities on different levels; the lack of volunteers, the low level of donations, the lack of initiatives that come from the community members rather than the trustees and management members of charities. The low level of participation has its impact depending on the community size and the needs of each particular community as mentioned earlier. Some participants claimed that the lack of participation is a result of the lack of communication. The lack of communication is not only found between the charities and community members but also between charities themselves that operate on a national level or even sometimes in the same city. An imam replied to a question:

“Other cities I do not have much knowledge apart from more superficial knowledge or more outward looking knowledge” I1, Dundee.

Some participants, to represent the views of charities in a particular city used the pronoun *we*. This could be read as the self being a local identity, which differentiates it from the other. The imam in this statement was an insider, even for other charities in the city. One can conclude that this importance of the locality notion for the Islamic community in Scotland confirms what was found in previous studies and discussed in previous chapters of this study. Regular meeting was one of the main suggestions made by participants in order to engage the whole community in the charity work and decision making process.

### **8.3.7 SORP (2005)**

Generally, only a few participants in charities were aware of SORP (2005). Most of these participants were treasurers. In addition, some participants did not know about the regulatory body of charities in Scotland (OSCR). This may lead to a lack of awareness of legal and administrative requirements. Furthermore, some participants believed Islamic charities as isolate themselves from the Scottish charitable sector in terms of

activities, charities' cooperation and the development of the sector in general. This is seen in relation to what has been said about community in section 7.6.4 above. Some participants have heard about SORP (2005) but they are not fully aware of what it is and how it helps them in their accountability practices:

“I’ve heard about it, but I don’t know in detail what it means” T2, Edinburgh, January 2015.

Another charity treasurer believed that his charity is accountable and transparent as their accounts are available to the public:

“Ourselves, our own example, we're quite transparent, we're open, our books can be checked any time, and our accounts can be checked any time”. T1, December 2014, Edinburgh.

The researcher, however, had a short conversation prior to this interview with a member of the public outside this charity's mosque. This member was complaining about the transparency of this charity, as he asked them for their accounts and the management refused to share any information with him or provide him with their accounts. In addition, the accounts of this charity also are not available on their website. An imam believed that SORP (2005) is *shariah* compliant and enough to keep charities transparent and accountable to the public. Other trustees and treasurers in other charities also shared this view. The benchmark of being accountable and transparent was the compliance with the regulation. The researcher sees this as a narrow view, as it considers only the requirements of the regulator and neglects the requirements of other stakeholder groups and wider community. A volunteer criticised the use of what he called a ‘check boxes’ policy that most Islamic charities adopt in order to satisfy the regulators, but not because of their moral motivations and the Islamic values they believe in. The lack of awareness of SORP 2005 or the existence of OSCR sheds a light on the lack of discussions and regular meetings between treasurers, trustees and management committees. Furthermore, best accountability practices in non-Islamic charities seem to be neglected by Islamic charities. In addition, this confirms the claims of some participants that Islamic charities are legal entities that give legal accountability priority over other forms of accountability.

### **8.3.8 Collection and distribution of money**

There are different funding sources for Islamic charities in Scotland: some come from government bodies, others from European funds, as well as from their local communities. As discussed in the previous chapter, funds from governmental bodies and European bodies are usually restricted funds that have to be spent on specific purposes or projects.

Funds that come from local communities take different forms, some from individuals during Friday prayers. In addition, some community members donate through direct debit. Furthermore, some individuals pay their *zakah* to charities each year, as well as other charities such as *zakah alfitr*. The researcher asked some participants about whether their charities have different funds for different donations that are allocated to specific activities or beneficiaries. The answer, in most cases, was no. This shows the lack of transparency and responsibility of people collecting and distributing the funds of charities. This may result from the lack of consultation with the *umma*. There are also other funding sources for Islamic charities in Scotland, like investments by charities such as property rents and car parks. Some participants believed that Islamic charities should get help from the government, which seems to draw on the equality with other charities that are supported by the government.

“If the government can help us, it's wonderful, and it should be a system because we are taxpayers as well, and we deserve the help from the government and they should help us”. M 1, December 2014, Dundee.

This view was not the case in the majority of the interviews. Participants generally believed the community should support ICs. From their views, if the community does not support charities then that means there is no need for these charities in the first place. Once trust and reputation are lost with the community, the purpose of the charity is also would go. This view was advocated by an imam, and in his own words:

“Because we are using public fund so the more transparent we are, uh the better it will be and it will be creating and that charity will, will gain the reputation and the trust of the people because if obviously someone is hiding, then people lose trust, so the whole purpose of the charity will go away”. I1, December 2014, Dundee.

Regarding money collected on Friday prayers, there seems was lack of disclosure in terms of amounts collected and the way it is used. The money collected should be counted and disclosed by charities either on their social media accounts or on monitors in mosques or on notice boards, or by announcing the amount by the imam in the same day or on the following day. Furthermore, the community should be consulted on how this money collected weekly should be spent. Moreover, charities should keep *zakah* funds to be spent on the beneficiaries of *zakah* not on charities' other activities. In addition, the community should be informed about the amounts collected for each fund and how they are spent.

A treasurer claimed that being a Muslim should have more emphasis on accountability;

“We feel that as a Muslim, we have to be accountable for every single penny that goes into our account, because it’s not really our money. It belongs to the community” T2, Edinburgh, January 2015.

The accountability issue, for the researcher, is not reflected in the annual reports of Islamic charities. There are few examples of good practice; however, it does not seem to be systematic and adopting other accountability mechanisms apart from what these charities are asked for by regulators. This may be due to the lack of professionals, as put by the same treasurer above:

“A lot of the charities here are quite small so you know, maybe someone who doesn’t even have an accountant. We have a treasurer who does that because it’s not a huge amount of money that we’re dealing with” T2, Edinburgh, January 2015.

This statement confirms the findings of the content analysis chapter, as most of Islamic charities in Scotland are small and local charities. A treasurer addressed this issue, as accountability of charities should be first to Allah:

“Well, I think the charities should know themselves that they are accountable to God firstly. I mean there are charities who do take money and then don’t give the projects that they’ve said they would, which just makes people afraid of giving to charities because “We gave them so much money and they said they would do this and this and they didn’t follow it through” T2, Edinburgh, January 2015.

The research found two main issues with collecting and distributing money by Islamic charities in Scotland: one is the lack of disclosure and transparency of the whole process. The second issue the lack of consultation with the *umma* on the sources of these funds and the use of them, as well. In terms of disclosure and transparency, Islamic charities should adopt better reporting mechanisms in terms of form and content. Also timely disclosure is an important issue, which could be overcome by employing social media and other timely reporting mechanisms to inform the wider community about the sources of money collected and activities it is spent on.

### **8.3.9 Online media**

Websites were seen as an informative tool that can be used by Islamic charities to disclose and share information with the wider community. Social media were seen as communication as well as marketing tools. A participant imam believed that technologies

could be used to advertise events, projects and activities of the charity. The Imam also believed that:

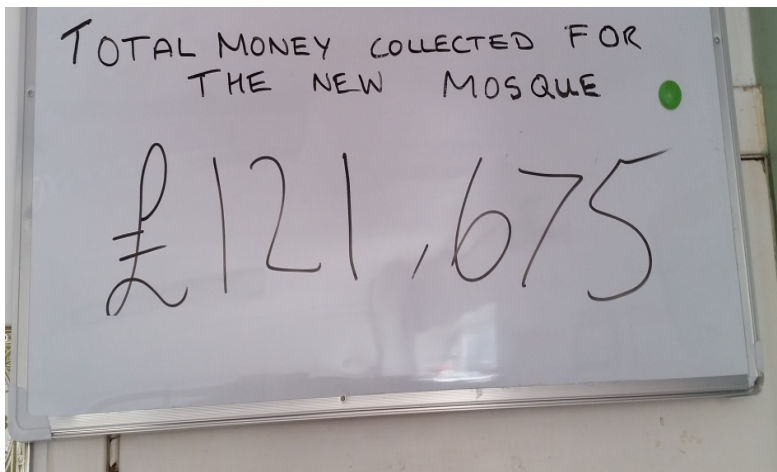
“Technologies are such thing you either use it or abuse it. It depends on the person uses it. So it does make, have a great.... We have used them in some events and helped a lot”. 12, December 2014, Dundee.

A trustee shared similar views with the imam, as the trustee advocated the use of online media as being important as information and communication tools. Social media were seen as an immediate communication tool and as in the trustee’s words:

“You have, Twitter, or you have a Twitter account, they ask questions somebody answers back straight away. You know, again communication is how we speak to each other”.

T1, December 2014, Edinburgh

Most of the participants welcomed the adoption of new online tools for informing communities, promoting their projects and a platform of dialogue, as well as collecting donations. However, most of the interviewees admit that they are not familiar with these tools. The running of charities’ websites and social media accounts in the most of the cases was left to the youth. The researcher noticed that some of trustees and management members are not aware of the online tools that their charities adopt. During the visit to some charities’ mosques, the researcher observed the adoption of new technologies by Islamic charities. These technologies saved time, water, paper and electricity and were environmentally friendly technologies such as; online prayer timetables, sensor taps in *wodu* areas (ablution), and monitors in mosques for announcements (the pictures below are some examples).



**Figure 12 : Disclosure mechanisms by charities**



**Figure 13: Environment- friendly technologies**

Some participants saw new online and timely mediums as effective fund raising tools for charities, while some others believed these tools to be good communication mediums for advertising, promoting and announcements, as well as informing the community.

## 7.7 Conclusion

According to Berg and Lune (2014, p. 274), “one of the operative principles of action research is to inform and empower people to work collectively to produce some beneficial change”. This change was promoted by the theoretical framework of this study and informed by participants themselves. The finding of this chapter challenges the status quo of accountability practices in ICs in Scotland. The research found that some charities’ contact details were not up to date, others did not reply to emails although the researcher emailed them many times. Some, who agreed initially to participate in the research, when contacted by phone, later stopped taking calls from the researcher or replying to text messages.

Views of participants varied on different themes. The participants, however, agreed on the need for improving accountability practices of Islamic charities in Scotland, for different reasons. Some argued the capability of the community to hold charities accountable to their activities. Others argued that charities, as legal entities, are legally accountable to the regulators (OSCR) and therefore, community cannot impose any requirements on Islamic charities to be more accountable to the wider community. This is in line with what was found in the previous chapter regarding trustees’ annual reports. These reports complied with OSCR or Company Act (the regulators) but not much was

for the community. Annual reports by Islamic charities were designed, more or less, to satisfy the regulators rather than to be accountable to the community.

Some participants perceived the researcher as ‘other’ while some others perceived him as ‘self’. The ‘otherness’ varied between participants, as some saw him as ‘self’ while others perceived him as ‘respective self’. This was due to some cultural factors, such as language and ethnicity. Consequently, converted Muslims are others; communities from an ethnic background are seen as others by other majority ethnicities. The otherness and the self in Scottish Islamic charities context can be seen at different levels. The first level is the otherness of non-Muslims, although some participants saw it as part of *umma* (*umma* of *ejabah* and *umma* of *dauua*), it is still other. The second level is within the Muslim community itself, as the otherness and the self are seen in terms of ethnicity, language and clan. The self and otherness notions have their effect on Islamic charities in terms of the scope of activities of the charities, selection of trustees’, selection of beneficiaries, and the delivery of the charities’ activities. Some informants did not see a conflict between these practices with *shariah* as long as this stated in charities’ constitution or founding documents. This is not, however, the case in many charities. The fragmented identities of Islamic charities resulted, in some cases, in an openness of the charities towards members from the same community and secrecy towards ‘others’. Training and workshops are needed for trustees, management and all people who are involved in the Islamic charitable sector in Scotland. These training programs and workshops may increase the awareness of charities with regard of their discharged accountability and how they can work together in order to improve it. From the analysis above, it seems, in many cases, Islamic charities in Scotland decide on behalf of the community. In some cases, the elite within Muslim community use Islamic charities for their own purposes achieving either financial or non-financial gains. In some cases, these elite impose their views on their communities, using charities as a medium to practise their power. It is not necessarily that the members of the elite consciously sustain the status quo, as in some cases it happens unconsciously. The members of the Muslim elite in Scotland in the charitable sector come from different backgrounds and represent various stakeholder groups such as funders, imams, management, and professionals. In order for Islamic charities in Scotland to be tools for betterment and promoting change in their local communities, the status quo should be challenged. This can happen by adopting Islamic values such as *shura*. By adopting *shura*, charities can share their objectives and values with their local communities rather than distinguishing themselves

from their community by making decisions on behalf of them. There are marginalised Muslim groups struggling to voice their needs within Islamic charities, such as youth, women, converted Muslims and ethnic minorities. Islamic charities should adopt voting mechanisms parallel with *shura* in decision-making processes. Furthermore, the community should practise their power and hold charities accountable to their aims and objectives. The community could challenge the trustees' self-appointment criteria adopted by some charities. Celebrating the difference and diversities within Muslim community in Scotland could be a great tool for improving accountability practices, by learning best practices from each other.

The notion of a wider *umma* (Muslims and non-Muslims) could be adopted in accountability practices, as all members of the local community affect or are affected by the activities of these charities. The perception of the wider local community could help with improving charities activities in terms of food banks for the poor in Scotland, tackling islamophobia, informing community members about Islam, and taking part in educational and training courses as learners or teachers. This would have different implications on community as a whole, by empowering the marginalised, the needy and oppressed members of the community. For instance, this could lead to lower levels of racism, higher levels of employability, less crimes, and thus a stronger community.

It is important to note that the findings in this chapter cannot be generalised for all Islamic charities in Scotland. Future studies could investigate the representation of different groups in the trusteeship, management of the charities such as youth, women, ethnic groups, religious schools. In addition, the reasons behind emerging new forms of charities such as women's Islamic charities, youth groups, ethnic Muslims with special needs, converted Muslims. Furthermore, future studies could investigate ways of cooperation between Islamic and non-Islamic charities, in terms of activities, training, and funding in Scotland for the betterment of the community.



## **Chapter 9: Conclusion summary and ways forward**

### **9.1 Introduction**

The aim of this chapter is to summarise the findings of the study. It also brings together findings and discussions from all chapters in one final concluding chapter. The chapter also provides a critical reflection on the implications of the study, in terms of the accountability of ICs in Scotland.

### **9.2 Islamic principles and current accountability practices**

The findings of this study show that there are different interpretations of Islamic principles, reflecting different accountability practices of Islamic charities in Scotland. These different interpretations are rooted in different cultural, ethnic, social and political practices. These Islamic principles are also affected by the historical development of Muslim communities in Scotland. The interpretation of these principles is also affected by the different Islamic schools of thought (*mathabs*).

#### **9.2.1 Unity of God**

The unity of God principle is central in Islam. Its implementation in terms of accountability relies on the determination of the relationship between mankind and God, and mankind and other God's creatures. This shows two forms of accountability; individual accountability and social accountability. An individualising form of accountability is seen to be between the person and God, as mankind will be accountable to their actions on the day of judgement. This form of accountability is seen as the person being accountable to the self. The self has different meaning in terms of accountability; the self as a person, as a charity and as a community. In terms of the Islamic charity as a self, the researcher found that charities discuss and justify practices to themselves internally rather than taking these issues to be discussed and justified to external stakeholders such as the community. The second form of accountability is social accountability. Under this form, the self is accountable to the 'other(s)'. The other also is fragmented one and comes in different forms. The staff of charities are 'others' to each other, within the same charity; external stakeholders are seen as 'others' by internal stakeholders. Also, Muslims from other cultures and ethnic backgrounds are seen as 'others' to each other. Non-Muslims are also seen as 'others' by some Muslims. The 'self' or individualising accountability affects/ inspires the social form of accountability. The

more highly the person feels being accountable to the self, the more they feel accountable to the 'other'. This view has already had its impact on accountability practices, as number of treasurers adopted it in their reports and agreed to change practices of reporting.

### **9.2.2 Umma**

One of the findings of the study is there are several different definitions for (community) *umma* within Islamic charities in Scotland; the worldwide Muslim community, individual Muslim states, communities of *mathab* (schools of thought) and the local *umma*. The hyper reality of *umma* in Scotland resulted different accountability practices. This has its impact on the form of accountability, the language in which accountability is communicated and the form of communication itself. The implications of what *umma* means to Islamic charities has its effects on accountability from different angles. For instance, there were different views on what are the priorities for *umma*. For charities that focus on worldwide *umma*, food and shelter and general aid are the key goals that need to be fulfilled. Some other charities with a focus on the local *umma* believe in the need for building mosques, Islamic centres, education and employment training. These findings are in line with what Kidd and Jamieson (2011) also found that the term 'community' was used by Muslims in Scotland to refer to something local. Furthermore, Hopkins (2007) found locality is very important to young Muslim men in Scotland. Identifying *umma* differently meant different needs and then resources and tools, while some participants claimed that they believe in the 'self' and the 'other' from a theological perspective. From this perspective, the self is the *umma* of *Daua'a*, and the other is the *umma* of *ejabah*, while for others, who seemed to adopt more a widely cultural perspective, the 'selfness' and 'otherness' is seen from cultural, ethnic and linguistic backgrounds. Thus, what is seen culturally as 'other' is seen by these charities as 'other'. Depending on the definition of *the umma*, the accountability mechanisms are chosen and embedded into the charity's practices.

### **9.2.3 Shariah**

There are different interpretations of *shariah*, which have their impact on charities. The researcher witnessed recently the issue and debate of *zakt iftar* and how it is should be collected and distributed. How practices are justified is linked to the scholars for each charity. Charities with different views result in different practices. Some people within charities appreciate and celebrate this difference while others suggest more standardised *shariah* practices. Some of these differences came into practice through the culture of

these Muslim communities and rooted deeply into the historical developments of these communities in Scotland. These views came from seeing the self through the cultural aspect. Some other practices adopt more open views, by searching for different opinions for matters from different scholars. The different interpretations of *shariah* have their impact on the justifications of some accountability practices. The particularity of the context influences the *shariah* opinion and thus the reporting practices in terms of content and form of reporting.

#### **9.2.4 Consultation and participation (*shura*)**

The study found different forms of participation and engagement between Islamic charities and their communities. There is the face-to-face form, which is the dominant form in traditional charities. There is also the electronic form of participation and engagement, which is taking its place increasingly, especially in new charities. The electronic form of engagement took new forms of communication and appeals to a new audience, as well. Photos are communicated to the audience through social media and timely communications become more important. Place and time have become less important than before, as the community can be informed as well as consulted without being at the place of the charity. There were, however, a number of charities that practice a direct consultation with the wider community. The matters that were subject to the consultation should be reported to the public, and the outcomes of these consultations and decisions should be disclosed timely on online media as well as annual reports.

#### **9.3 OSCR and SORP (2005)**

As some participants of the study see it, the regulations of OSCR meet Islamic notions of accountability, while some others see more room for improvement. The researcher sees OSCR instructions as a general guide but much more has to be done in terms of training, cooperation and regulations. Some believe Islamic charities are just ‘ticking the boxes’ for OSCR and should go beyond that. The findings from the first stage of the empirical study suggest that the majority of the Islamic charities in Scotland comply with OSCR requirements in terms of the forms of reporting. On the one hand, this practice may help in terms of comparability with other charities in Scotland. On the other hand, Islamic charities seem to neglect the needs of other stakeholders, such as their communities. There are few charities which disclose information concerning Islamic issues regarding their funds and the use of these funds. The findings suggest that some

ICs view accounting as a secular tool for them to report to the regulatory body (OSCR). The reports were seen as nothing to do with *shariah*. Some charities and individuals, however, held different views, as they believed ICs should do more regarding reporting beyond just ‘ticking the boxes’ they are required to by OSCR under SORP 2005. More disclosure should be included in their reports regarding some Islamic issues, such as funds (e.g. *zakah* funds), the collection of weekly money (during Friday prayer) and the use of these funds.

#### **9.4 The role of Islamic charities in Scotland**

One of the findings of this study was about the role that Islamic charities play in society. Many participants have emphasised the extra role that Islamic charities play in non-Muslim societies. In the context of Scotland, participants believed in the role of showing the ‘positive face’ of Islam and ‘what really Islam is’. For participants who hold this view, this role is very important in western contexts in general and Scotland in particular, which it is not the case in Muslim countries.

Many Islamic charities in Scotland focus on providing the Muslim community with community centres, and helping people get into employment, and develop their skills. This is because as it was found in chapter five, the high unemployment rate among the Muslim community and the need for Muslims for places where they can practise their religion. This shows the particularity of the Scottish Muslim community. Therefore, the roles of Islamic charities may differ from one country to another and from one time to another time. Muslim charities in Scotland also appreciate the notion of the international umma. This can be seen in terms of helping other Muslim communities in different regions of the world. ICs collect donations from local communities in the times of crises abroad to help other Muslim communities that are in need. The role of ICs in Scotland takes several forms in the local level; contributions to the Food Bank programmes in different Scottish cities, distribution *zakah* locally, employment courses, teaching other languages such as Urdu and Arabic, and informing the wider community about Islam. On the international level, ICs mainly help the needy for food and shelter.

This has its implications on accountability practices within Islamic charitable sector in terms of the forms and content of reports. Furthermore, it has its impact on the discourse adopted in the reporting itself. In the content analysis part of this study, the findings show the use of more than one discourse by Islamic charities in Scotland, depending on the

users of these reports. For instance, there was a discourse for Muslims and non-Muslims, formal discourse for authorities e.g. OSCR, and informal discourse with members of local Muslim communities, which comes in different forms; meetings (oral), and social media engagement.

### **9.5 Small charities vs. large charities**

Large charities seem to be more active online, disclosing information, announcing activities and appealing for donations. The majority of these charities, however, have less focus on local issues, activities and local community empowerment. Large charities mostly have an international focus while this is not the case in the small Islamic charities in Scotland.

### **9.6 Local charities vs. international charities**

Local charities are more reachable to local communities. Trustees, management members, employees and volunteers are mostly well known to their local community members. While charities with overseas focus do most of their activities on poverty, and crises events. Local charities have more focus on local issues such as establishing community centres, development skills and training for increasing employability. The roles for each type is generally different, as local charities adopt the route of empowering their local community via training, lectures, and publishing information about what they believe Islam is, whereas the charities with international focus, as mentioned, see their roles through empowering overseas Muslim communities by providing the necessities such as food and shelter.

### **9.7 Summary: ways forward**

This study has some implications for the accountability practices of Islamic charities in Scotland. The discussion with participants in this study led to the adoption of some ideas that are believed to improve these practices. In terms of reporting, some treasurers spot weaknesses in the content of their reporting. Furthermore, some imams, volunteers, and trustees spot room for improvements by adopting new accountability mechanisms, such as consultation and participation. Also, there were some participants who admitted the need for improvement in terms of the form and content of Islamic charities' reporting and disclosure practices.

The adoption of new technologies such as social media, and mobile applications would also facilitate the participation of the public. These tools would empower the wider community by keeping them informed in a timely way and wherever they are. By adopting such tools, the wider community has a voice in the accountability process of Islamic charities, and other charities as well, which enable community members to act, engage, or just be informed. This would also keep the charities publicly accountable, not only legally so. In order for religion to aid the oppressed and marginalised in their struggles for a better life, these people should be consulted and engaged in the accountability process.

#### **9.7.1 Training**

The study found a lack of training for trustees and management, as some participants argued. The improvements can be implemented by more training for trustees as well as those who are entrusted with responsibilities in running the charity. They need more training to give them a better understanding of being accountable to the ‘others’ through the ‘self’. There is a need for more cooperation between Muslim charities and the OSCR in order to spread the awareness of the need for greater accountability. Also, academics, imams, and other activists should meet and organise seminars in order to develop better accountability practices. Islamic charities in Scotland, especially smaller ones, lack in-house expertise and need to improve their building capacities by seeking help from their local communities, the government and other bodies, such as OSCR. From Chapter Five findings, the majority of Muslims in Scotland came as workers, while in England for instance, they came as professionals. Furthermore, engaging younger generations would inject the professionalism needed for running charities from within their communities.

#### **9.7.2 Regular meetings**

Face to face meetings would help in opening the charities as ‘self’ to ‘others’, whether otherness is seen as external stakeholders, other Muslim communities, or non-Muslims who are part of the charities’ wider community. Management committees and subcommittees should have regular meetings and disclose the outcomes of these meetings when possible. The feedback and outcomes of the consultation with the community should be discussed in these meetings. Some of these meetings could be recorded and shared with the public in different forms and via different online media.

### **9.7.3 More timely disclosure**

Timely discourse could be adopted in different forms and regarding different issues. It could take electronic form, such as on websites, newsletter emails, social media and applications for mobile devices or during daily prayer announcements and on charity notice boards.

### **9.7.4 Clearer founding documents**

Some of the findings suggest a need for clearer founding documents for Islamic charities in Scotland. Founding documents should state clearly what is the community for charities, *shariah*, *halal* and *haram* funding sources and why. Charities from the beginning should be clear about the core Islamic issues affecting or affected by their activities.

### **9.7.5 Muslim OSCR**

Some participants suggested an advisory body for Muslim Charities in Scotland. This body would act as an advisory rather than a regulatory authority, where best practices can be advised and promoted, training sessions take place and experts meet and develop guidelines. Other participants, however, do not see the need for a Muslim OSCR as current regulatory body is enough and *shariah* compliance.

## **9.8 Limitations of the research**

This study faced several limitations in terms of research methods, data collection, and literature. The researcher has done his best to overcome these limitations where possible, but in some cases that was not possible.

### **9.8.1 Literature**

The researcher found very limited literature on Islamic charities in Scotland. Also, few sources on the development of Muslim communities in Scotland were found. The majority of accountability literature was found on non-Islamic charities in the UK. Even in non-UK context, the literature was limited, with a few studies which covered accountability in *waqf* organisations in south Asian countries. Moreover, the critical and postmodern approach was neglected by the accountability studies on Islamic charities.

### **9.8.2 Contextual analysis**

The researcher faced a lack of information regarding Muslim communities and their development in Scotland. Although there was information on some early Muslim migrants to Scotland, this information focused on the Muslim Pakistani majority and neglect other minor Muslim communities. Charities themselves do not have these resources. The researcher could not find one place that could supply this information, such as an Islamic charity or a community centre. In addition, Scottish National statistics do not hold up-to-date information regarding refugees and asylum seekers by religion or ethnicity.

### **9.8.3 Limitation of content analysis**

There are several limitations in the use of content analysis: some researchers (Guthrie and Abeysekera, 2006) argue that content analysis captures the quantity of disclosures data, in terms of frequency and volume, rather than the quality characteristics of the disclosed and communicated data. Researchers highlight the difficulty in explaining the quality of reporting.

Another limitation of the content analysis method is that it is subjective ( Guthrie and Abeysekera, 2006; Crawford et al., 2009). In addition, units of analysis e.g. words, sentences, paragraphs, classified under the same category may not reflect that category to the same extent (Weber, 1990, p. 72). Moreover, Berg (2004) counted as a limitation of content analysis the fact that it is limited to recorded messages only: in other words, messages have to be recorded in some form e.g. reports, in order to be examined, which excludes oral messages, for instance. This latter weakness might be seen as a problem when the content analysis is the only research method used, but it can be minimised and overcome by adopting other methods e.g. interviews, which were adopted by this study and explained in the next section.

### **9.8.4 Interview method**

One of the limitations of interviews as a research method, as argued by Bryman and Bell (2011, p. 465) is that “interviewing, the transcription of interviews, and the analysis of transcripts are all very time-consuming”. Also, some participants may refuse to be recorded, which happened with the researcher, as one interviewee refused his interview to be recorded. In addition, the hardware failure during the interview could accrue. The snowball method of getting participants also has its disadvantages, as some of the interviewees did the interviews as a favour to their friends, or relatives. This may have



affected the quality of the interviews. Although the researcher was able to conduct interviews in both English and Arabic, interviews conducted in other languages such as Urdu, and Turkish would help to get more insights from some participants. Also, the translation of some interviews may have affected the meaning in its original language.

### **9.9 Future studies**

Future studies can survey trustees, management and other groups in Islamic charities and investigate their structure in terms of age, gender, qualification and other criteria. Further studies could also focus on social media as a tool for accountability for Islamic charities. The focus could measure the engagement level of the public, the discourse of Islamic charities via social media and how the community responds to this discourse. Furthermore, future studies could focus in more detail on specific Muslim communities in Scotland, either from a specific Islamic school or ethnic group or both.

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## Appendix 1; List of Islamic charities in Scotland

NO	Charity	Charity number
1.	Academy for Islamicjerusalem Studies	SC024913
2.	Airdrie And Coatbridge Islamic Centre	SC030226
3.	Al-Mawrid Global	SC044505
4.	Amina - the Muslim Women's Resource Centre	SC027690
5.	Association Of Ehi-I-Sunnah & Jummat	SC010303
6.	Association of Scottish Muslims	SC031858
7.	Ayrshire Muslim Association	SC043592
8.	Bearsden Muslim Association	SC037043
9.	Borders Islamic Society	SC039500
10.	Colours of Islam	SC040012
11.	Dar-UI Qur'an Islamic School	SC032173
12.	Dundee Islamic Society	SC007413
13.	Dundee Muslim Cemetery Trust	SC043788
14.	Dunfermline Islamic Centre	SC041444
15.	Dunfermline Muslim Womens Group	SC034872
16.	East Kilbride Muslim Community	SC043525
17.	Edinburgh Muslim Community Association	SC035710
18.	Edinburgh Muslim Scouts	SC038621
19.	Female Association of Young Muslims in Edinburgh	SC040567
20.	Fife Islamic Centre ( Methil )	SC008588
21.	Fife Muslim Educational & Cultural Centre	SC043435
22.	Glasgow Islamic Educational Trust	SC031343
23.	Grampian Muslim Community Centre (GMCC)	SC038794
24.	Granite Weekend School - For Better Islamic Education	SC037176
25.	Highland Muslim Education Association (hmea)	SC036595
26.	Inverness Islamic Centre	SC029265
27.	Islamic Academy Of Scotland	SC031419
28.	Islamic Association of Scotland	SC041066
29.	Islamic Education Trust Cumbernauld	SC032693
30.	ISLAMIC FOUNDATION INTERNATIONAL	SC043692
31.	Islamic Noor	SC043679
32.	Islamic Relief Worldwide	SC042020
33.	Islamic Society - Asian Educational Cultural Welfare Airdrie & Coatbridge	SC032770
34.	Islamic Society Dumfries	SC042594
35.	Islamic Texts for the Blind	SC039949
36.	Jamia Islamia	SC003342
37.	Jamia Islamic Centre	SC029044
38.	Jamiat Ittihad-UI-Muslimin	SC013142
39.	Kirkcaldy Islamic Centre	SC040547
40.	Livingston Islamic Centre and Mosque	SC043124



41.	Madrasa Taleem-UI-Islam - Institute Of Islamic Studies	SC028261
42.	Motherwell Islamic Centre	SC041197
43.	Muslim Council of Scotland	SC041819
44.	Muslim House	SC015076
45.	Muslim Strategic Sisterhood Scotland	<u>SC043380</u>
46.	Muslim Welfare Society	SC001748
47.	Muslim Women's Association Edinburgh	SC038346
48.	Perth Islamic Society	SC026814
49.	Sarajia Islamic Studies and Community Centre	<u>SC043888</u>
50.	Scottish Muslim Heritage Trust	<u>SC044443</u>
51.	Scottish Muslim Parents Association (Smpa)	<u>SC036119</u>
52.	Shajalal Mosque Islamic Centre	<u>SC024195</u>
53.	Shia Asna Ashri Islamic Centre	<u>SC024132</u>
54.	South Lanarkshire Muslim Welfare Society	SC037284
55.	Tayside Islamic & Cultural Education Society	<u>SC031479</u>
56.	The Aberdeen Islamic Charitable Trust	SC038010
57.	The Aberdeen Mosque and Islamic Centre	SC028038
58.	The Ahmadiyya Muslim Association United Kingdom	<u>SC042131</u>
59.	The Falkirk Muslim Educational and Cultural Community Centre	<u>SC043620</u>
60.	The Islamic Studies Trust	<u>SC027926</u>
61.	The Midlothian Muslim Community Centre Trust	<u>SC044579</u>
62.	The Mosque Of The Custodian Of The Two Holy Mosques And Islamic Centre Of Edinburgh	SC029809
63.	UK Islamic Mission	SC042499
64.	West Dunbartonshire Muslim Education Society	SC031483
65.	Woodfarm Educational Trust	SC040818
66.	Zia Ul Quran (Muslim Cultural & Educational Trust)	SC024510
67.	Inverness Masjid Association	SC037012
68.	Dawatul Islam, Glasgow Limited	SC029765
69.	Al-Mawrid UK	SC045039
70.	Darussalam	SC037720
71.	Al-Maktoum Foundation	SC036414
72.	New to Islam	SC042650
73.	Radio Ramadan Edinburgh	SC041243
74.	Rashid Family Trust	SC039021
75.	Iltaf Maqbool Welfare Trust	SC041705
76.	Wali-Al-Asir Trust	SC043534
77.	Al-Maktoum College of Higher Education	<u>SC031415</u>

## Appendix 2; Interview questions

### **A. INTRODUCTION (APPLIES TO ALL INTERVIEWEES)**

- I. Date of the interview ...../...../.....
- II. Title of the interviewee .....
- III. Experience in/with the charity (receiving/funding/working/regulating...etc.)
  - ☐ Less than 1 year      ☐ 1-2 years      ☐ 2-5 years      ☐ above 5 years
  - Qualifications;
    - ☐ HND
    - ☐ UG
    - ☐ PG PC

### **B. QUESTIONS**

#### **A. Trustees and management**

- 1. **In general, what do you think is Islamic charities role in society?**  
The purpose: to investigate if there is any different understandings of the role and thus related it to their expectation of charities' accountability and commitment to community.
- 2. **Do you think Islamic charities in Scotland play the same role?**  
The purpose; to spot any differences might exist in practice or trustees/management perceptions that of particular to Islamic charities operate in Scotland.
- 3. **Could you tell me how trustees are appointed in the charity?**  
The purpose; to investigate the trustees' appointment process and mechanisms involved, and if there is any Islamic values adopted such as shura (consultation).
- 4. **Who are the beneficiaries of your charity?**  
The purpose: to see whether the charity has a specific group(s) and the question introduces the following question
- 5. **Could you tell me the beneficiaries' selection criteria?**  
The purpose: to see whether the criteria incorporate Islamic values, based on ethnicity, locality, or linguistic (speech) community.
- 6. **To what extent do you think the Islamic teachings and values are adopted in the accountability practices?**  
The purpose: To get an idea if the Islamic values are practised and by whom also to investigate the compliance with shariah.
- 7. **Could you tell me your perception on shariah?**
- 8. **How is the Shariah practised in preparing the reports of the charity?**  
The purpose: to get an idea on how shariah is practices, on which level, by whom, when, and how it is effect/effected by accountability.
- 9. **Could you tell me about the Muslim umma in Scotland?**
- 10. **How do you think this situation affects Muslim charities in Scotland?**
- 11. **Could you tell me your views on using websites and social media by Muslim charities in Scotland?**

**12. How do you think internet has influenced accountability practices by Islamic charities?**

**13. Could you tell me what is your perception on accountability discharged by the Islamic charities in Scotland?**

Purpose of question: to get the perception of the interviewee on accountability and see if it varies between one group to another and how, also if the perception based on any Islamic/local values.

**14. From your point of view, how current accountability practices in Islamic charities in Scotland could be improved?**

The purpose: to take the interviewee through the needs that they have identified from the above and ask him/her to give suggestions that may help improving accountability practices to meet these needs. Also determining the different accountability stakeholder group's needs and to check if there are groups that demanding more accountability and how. And explore ways forward by challenging the status quo and bring change.

**Thank you for your time. Do you have anything to add or questions that you would like to ask me?**

**Appendix 3; Transcription form**

[Name of Interviewee]

Date:  
Location:  
Length: [00:00:00]  
Interviewee:  
Interviewer:

[XX] = Interviewee Initials  
[XX] = Interviewer Initials

[00:00:00]

[XX]

[XX]

[00:05:00]